Environment and Sustainable Resource Development

Annual Report
2013-2014

Alberta
Government

Copies of the annual report are available on the Environment and Sustainable Resource Development website at esrd.alberta.ca or by contacting:

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Environment and Sustainable Resource Development promotes sustainable management of the province's natural resources and seeks to more effectively use resources and reduce waste. The printed version of this report is presented on 100% post-consumer fibre.

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Environment and Sustainable Resource Development

Annual Report

2013-2014

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 19 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Environment and Sustainable Resource Development contains the Minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the former ministry business plans. This ministry annual report also includes:

- **The financial statements of entities making up the ministry including the Department of Environment and Sustainable Resource Development, regulated funds, and provincial agencies for which the minister is responsible;**
- **Other financial information as required by the *Financial Administration Act* and *Fiscal Management Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **Financial information related to trust funds.**

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2014, was prepared under my direction in accordance with the *Fiscal Management Act* and the government's accounting policies. All of the government's policy decisions as at June 10, 2014, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Robin Campbell]

Honourable Robin Campbell
Minister of Environment and Sustainable Resource Development

Message from the Minister

Albertans care deeply about clean air, fresh water, biodiversity and the health of our environment. The past year saw the Ministry of Environment and Sustainable Resource Development continue its focus on protecting those values that Albertans desire, supporting our communities and maintaining our natural areas. A healthy environment is one of the cornerstones of the province and plays an important role in the development of the province's economy for future generations.

We made great strides in improving our approach to resource management to ensure we are taking a holistic view that considers the cumulative impacts of development on our communities and our environment, including:

- Legislation to enact science-based environmental monitoring through the Alberta Environmental Monitoring, Evaluation and Reporting Agency.
- Work on regional land-use plans - the Lower Athabasca Regional Plan has been released and work is well underway on the South Saskatchewan and North Saskatchewan plans.
- Development of an integrated energy policy and regulatory system including the move to a single independent regulator for coal, oil sands, upstream oil and gas development.
- Greater focus on building strong relationships with partners and stakeholders, including stronger involvement and collaboration with Aboriginal communities.

Day-to-day, the ministry continues to conserve and protect the province's fish and wildlife. As our province's growth continues, it has become even more vital that we understand what this growth means to our natural habitats. We closely monitor sensitive species such as caribou, sage-grouse and grizzly bears, and work with industry, landowners and others to find balance and ensure these species are provided the opportunity to thrive.

Important work also continues to protect Alberta's forests from threats, including wildfires and the mountain pine beetle. The Flat Top report coming out of the Slave Lake fires in 2011 outlined 21 recommendations that were accepted by the province. We continue to make progress on implementing the recommendations and supporting local communities in their efforts to control the threat of wildfires.

The ministry has indeed accomplished a great deal this past year, in particular when set against the challenges of the worst natural disaster in Alberta's history. The June 2013 floods showed the resilience of Albertans and the dedication of all employees of the Government of Alberta. From the front lines, the Alberta Public Service responded quickly, effectively and efficiently during and after the floods. Environment and Sustainable Resource Development employees in particular were front and centre, working long hours monitoring waterway conditions and assisting with recovery. As the province continues to recover, Environment and Sustainable Resource Development will play a central role in flood resilience and mitigation work, ensuring communities are better protected from both flood and drought conditions.

As we move forward, we will continue to proudly protect and cherish our province's natural beauty so that future generations can enjoy it.

[Original signed by Robin Campbell]

Honourable Robin Campbell
Minister of Environment and Sustainable Resource Development

Management's Responsibility for Reporting

The Ministry of Environment and Sustainable Resource Development includes the:

- Department of Environment and Sustainable Resource Development,
- Climate Change and Emissions Management Fund,
- Environmental Protection and Enhancement Fund,
- Land Stewardship Fund, and
- Natural Resources Conservation Board.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Environment and Sustainable Resource Development. Under the direction of the minister, the ministry oversees the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability - information agrees with underlying data and the sources used to prepare it.
- Understandability and Comparability - current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- Completeness - performance measures and targets match those included in Budget 2013.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- Provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- Provide information to manage and report on performance;
- Safeguard the assets and properties of the province under ministry administration;
- Provide Executive Council, the President of Treasury Board, Minister of Finance and the Minister of Environment and Sustainable Resource Development information needed to fulfill their responsibilities; and
- Facilitate preparation of ministry business plans and annual reports required under the *Fiscal Management Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

[Original signed by Bill Werry]

Bill Werry
Deputy Minister of Environment and Sustainable Resource Development
June 10, 2014

Results Analysis

Ministry Overview

Environment and Sustainable Resource Development includes the department (within the department's budget, funding is provided to the Environmental Appeal Board, Land Compensation Board, Public Lands Appeal Board and Surface Rights Board, which are accountable to the minister), Climate Change and Emissions Management Fund, Environmental Protection and Enhancement Fund, Land Stewardship Fund and Natural Resources Conservation Board.

Seven delegated administrative organizations operate outside of government. They are the Alberta Conservation Association, Alberta Professional Outfitters Society, Alberta Recycling Management Authority, Alberta Used Oil Management Association, Beverage Container Management Board, Climate Change and Emissions Management Corporation and the Forest Resource Improvement Association of Alberta.

The ministry's authority to carry out its mandate is primarily based on the *Alberta Land Stewardship Act*, *Boundary Surveys Act*, *Climate Change and Emissions Management Act*, *Drainage Districts Act*, *Environmental Protection and Enhancement Act*, *Expropriation Act*, *Fisheries (Alberta) Act*, *Forest and Prairie Protection Act*, *Forest Reserves Act*, *Forests Act*, *Hunting, Fishing and Trapping Heritage Act*, *Mines and Minerals Act*, *Natural Resources Conservation Board Act*, *Protecting Alberta's Environment Act* (waiting proclamation), *Public Lands Act*, *Responsible Energy Development Act* (proclaimed), *Surface Rights Act*, *Surveys Act*, *Water Act* and *Wildlife Act*.

The newly formed Alberta Energy Regulator is accountable to the minister to deliver responsibilities related to energy resource development and regulatory functions for upstream oil, gas, oil sands and coal under the *Public Lands Act* and Part 8 of the *Mines and Minerals Act* dealing with geophysical operations, the *Water Act* and the *Environmental Protection and Enhancement Act*.

Environment and Sustainable Resource Development

Bill Werry, Deputy Minister

The Environment and Sustainable Resource Development department is charged with management of air, land, water and biodiversity, and for governing sustainable resource development.

To meet these goals, the department works in concert with the people of Alberta in a collaborative, consultative manner. The department works across government, collaborates with the Government of Canada and works with industry to achieve desired environmental and sustainable resource management outcomes.

The heart of our business is stewardship of our environment and natural resources to meet the values of Albertans while ensuring economic benefits and quality of life.

Environment and Sustainable Resource Development consists of seven divisions: Corporate Services, Forestry and Emergency Response, Integrated Resource Management Planning, Operations, Policy, Policy Management Office, and Strategy, augmented by Communications, Legal and Human Resource Services. Associated Groups that work closely with the department but have unique reporting structures are the Land Use Secretariat, the GeoDiscover Alberta Program Office and Environmental Monitoring (to be transferred to the Alberta Environmental Monitoring, Evaluation and Reporting Agency upon proclamation of the *Protecting Alberta's Environment Act*).

Department Divisions (in alphabetical order)

Corporate Services
Tom Davis, Assistant Deputy Minister

Corporate Services division serves both the Environment and Sustainable Resource Development department and the Government of Alberta. It provides leadership for departmental business processes and approaches, manages the corporation effectively and efficiently, and advances the department's strategic agenda within the Alberta Public Service. It provides integrated and coordinated support services and financial operations, leads informatics, data and information science and management, records management and information technology, maps out key directions and priorities, and manages corporate responsibilities.

Forestry and Emergency Response
Bruce Mayer, Assistant Deputy Minister

The division manages and protects Alberta's forest resources through effective and efficient wildfire management, sustainable forest management, and maintenance of the health of our forests. The division is also active in promoting forest products market access and ensuring Albertans capture social and economic benefits from a healthy forest sector. It also provides effective environmental emergency management and coordination through planning, response, and crisis management.

Integrated Resource Management Planning
Beverly Yee, Assistant Deputy Minister

The division leads the development of resource planning processes and facilitates and monitors the implementation of regional land-use plans and other integrated resource management plans for the department. The planning role incorporates air, land, water and biodiversity management as well as planning around specific issues. In addition, the division facilitates engagement on planning initiatives with Aboriginal people, municipalities, land users, industry stakeholders and environmental non-government organizations.

Operations
Matt Machielse, Assistant Deputy Minister

Operations division uses place-based knowledge to deliver policy, plans and frameworks through sound resource management of approvals, provincial programs and provincial water and fisheries infrastructure. The division also employs its compliance and assurance program as the regulatory backstop to support these efforts. It delivers, in an integrated manner, the department's overall programs, regulatory responsibilities and non-regulatory activities in support of achieving environmental outcomes for air, land, water and biodiversity. The division maintains regional partnerships and links to local communities.

Operations division supports environmental monitoring, validation, and science functions at all levels. It is integrated with all components of the cumulative effects management system and continues to evolve in support of the delivery of integrated resource management for Albertans.

Policy
Shannon Flint, Assistant Deputy Minister

Policy division leads the development of environmental and natural resource policy that aligns with the strategic intent of the Government of Alberta and oversees policy integration for the ministry. Responsibilities include ensuring policy is developed based on science, research, analysis and engagement, and that the policy process articulates and evaluates outcomes.

Policy Management Office
Cynthia Farmer, Assistant Deputy Minister

The Policy Management Office (with joint reporting to Energy and Environment and Sustainable Resource Development) was formally established in September 2012 to ensure the integration of natural resource policies and to provide an interface between policy development and policy assurance

The Policy Management Office implements and maintains policy integration and development by providing a clear engagement process at the policy development and assurance stages, ensuring a common risk assessment and management approach, and adopting a performance measurement framework. The Policy Management Office interfaces between the Alberta Energy Regulator and the Government of Alberta's natural resource departments in support of an integrated resource management system.

Strategy
Rick Blackwood, Assistant Deputy Minister

Strategy division enables an integrated, future-focused ministry through foresight, relationships, education and advocacy. It helps to define the long-term direction of the department and collaborates across government and other jurisdictions through strategic relationships and engagement. The division is also responsible for overseeing the development and implementation of the Integrated Resource Management System, a focused agenda item, in conjunction with Government of Alberta ministries, agencies and key partners. The division ensures governance systems and organizational supports are in place to facilitate integrated and effective delivery of department functions.

Support Areas

Communications Branch
Katrina Bluetchen, Director

The Communications Branch provides the ministry with the resources to build open communication with Albertans. This includes providing information to the media and directly to the public through the web, social media channels and other communications tools. The branch often works in partnership with government ministries, other orders of government and community and industry organizations. The branch also supports effective internal communications providing staff the opportunity to engage with leadership and with each other.

Human Resource Services Branch
Mike Boyle, Executive Director

Human Resource Services delivers staffing services including strategies for attraction, development and retention, classification, compensation and employee relations services to the department. It works to build organizational capacity in support of career progression, performance planning, leadership development and coaching. The branch administers occupational health and safety programs and promotes workplace health and wellness initiatives.

Legal Services
Darin Stepaniuk, Director

Legal Services are primarily provided to the ministry by the Environmental Law Section of Justice and Solicitor General. The Environmental Law section supports the ministry by providing timely, effective advice to the Minister and all levels of the ministry using a corporate counsel model. The director of the Environmental Law Section is a member of the ministry's executive team and is the ministry's senior legal adviser. The ministry's legal services are shared with the Parks Division of Tourism, Parks and Recreation.

Associated Groups

Land Use Secretariat
Beverly Yee, Stewardship Commissioner

The Land Use Secretariat (reporting to the Stewardship Commissioner and Stewardship Minister) leads, supports, and provides expertise to government ministries in the implementation of the seven strategies in the Land-use Framework. It leads the development, review, amendments and reporting on the effectiveness of Government of Alberta Land-use Framework regional plans.

Environmental Monitoring (Alberta Environmental Monitoring, Evaluation and Reporting Agency)
Brad Pickering, Chief Executive Officer

To restore public confidence in its monitoring, evaluation, and reporting system, Alberta has taken the final steps to establish an arms-length public agency with a board of directors, responsible to the Minister of Environment and Sustainable Resource Development, to provide open and transparent access to scientific data and information on the condition of the environment. This data and information will inform policymakers, regulators, planners, researchers, communities, stakeholder groups, industries, and the public. Operation of the agency will begin in early 2014 upon proclamation of the Act.

GeoDiscover Alberta Program Office
Daryl McEwan, Acting Program Director

GeoDiscover Alberta champions the implementation of the Spatial Data Infrastructure for Alberta - a common framework of metadata, processes, policies, standards and technology that enables the acquisition, processing, distribution, maintenance, preservation and use of geographic data and information. The GeoDiscover Program Office reports to a cross ministry steering committee.

Review Engagement Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as reviewed by the Office of the Auditor General in the Ministry of Environment and Sustainable Resource Development's Annual Report 2013–2014. The reviewed performance measures are the responsibility of the ministry and are prepared based on the following criteria:

- *Reliability*—The information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- *Understandability*—The performance measure methodologies and results are presented clearly.
- *Comparability*—The methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- *Completeness*—The goals, performance measures and related targets match those included in the ministry's budget 2013.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measures in demonstrating ministry progress towards the related goals.

Based on my review, nothing has come to my attention that causes me to believe that the performance measures identified as reviewed by the Office of the Auditor General in the ministry's annual report 2013–2014 are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 18, 2014

Edmonton, Alberta

Performance measures reviewed by the Office of the Auditor General are noted with an asterisk(*) on the Performance Measures Summary Table

Performance Measures Summary Table

Goal / Performance Measure(s)	Prior Year's Results				Target	Current Actual
Desired environmental outcomes for air, land, water and biodiversity are achieved						
1.a Quality of Alberta's air based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter**		Good air quality days 93% of the time (2010)	Good air quality days 95% of the time (2011)	Good air quality days 97% of the time (2012)	Good air quality days 95% of the time	Good air quality days 96% of the time (2013)
1.b Success in meeting the total greenhouse gas emissions growth targets measured in million tonnes of CO_2, as outlined in *Alberta's 2008 Climate Change Strategy***	244 (2008)	234 (2009)	233 (2010)	242 (2011)	246[1]	249 (2012)
1.c* Kilograms of municipal solid waste per capita to landfills	757 kg per capita (2009)	738 kg per capita (2010)	717 kg per capita[2] (2011)	691 kg per capita (2012)	675 kg per capita	911 kg per capita (2013)
1.d Water quality of six major Alberta rivers at key sites, based on data on four groups of variables (metals, bacteria, nutrients and pesticides), which are averaged to provide an overall water quality rating**	Six out of six river systems have good to excellent water quality (2008-09)	Five out of six river systems have good to excellent water quality (2009-10)	Five out of six river systems have good to excellent water quality (2010-11)	Four out of six river systems have good to excellent water quality (2011-12)	Six out of six river systems have good to excellent water quality	Five out of six river systems have good to excellent water quality (2012-13)
1.e Drinking Water Safety Indicator:[3]						
• Percentage of facilities required to meet 1997 or 2006 facility design standards	90% (2009-10)	92% (2010-11)	93% (2011-12)	94% (2012-13)	98%	95% (2013-14)
• Percentage of facilities in compliance with regulatory requirements that prevent water quality incidents	88% (2009)	95% (2010)	94% (2011)	94% (2012)	96%	92% (2013)
• Percentage of facilities with no significant drinking water quality incidents	95% (2009)	96% (2010)	96% (2011)	94% (2012)	98%	93% (2013)
1.f Healthy fish and wildlife – biodiversity:[4] • Percentage of species at risk	2.2% (2005)	3.6% (2010)	-	-	<5%	Next Results will be in 2015
1.g* Healthy forests – wildfire: • Percentage of wildfires contained before 10 a.m. the day following assessment	98.7% (2009)	98.1% (2010)	96.1% (2011)	97.9% (2012)	97.8%[5]	98.3% (2013)

Performance Measures Summary Table

Goal / Performance Measure(s)	Prior Year's Results				Target	Current Actual
Sustainable natural resource development is achieved						
2.a Economic benefit from Alberta's public lands: • Ratio of Alberta Government resource revenue to department expenditure on managing public lands	217:1 (2008-09)	106:1 (2009-10)	132:1 (2010-11)	186:1 (2011-12)	>100:1	100:1 (2012-13)
2.b* Sustainable timber harvest: • Annual allowable cut (million cubic metres) • Harvest (million cubic metres)	27 (2008-09) 21 (2008-09)	28 (2009-10) 21 (2009-10)	29 (2010-11) 20 (2010-11)	30 (2011-12) 20 (2011-12)	Does not exceed annual allowable cut	30 (2012-13) 20 (2012-13)
2.c Healthy forests - rate of regrowth: • Percentage of forest regrowth attained	N/A 2008-09	N/A 2009-10	97.4% 2010-11	97.6% 2011-12	80%	97.3% 2012-13
2.d Healthy fish and wildlife - participation: • Percentage change in fishing licences • Percentage change in hunting licences	8.5% 2009-10 0.2% (2009-10)	-6.7% 2010-11 2.0% (2010-11)	2.1% 2011-12 0.4% (2011-12)	6.4% (2012-13) 5.5% (2012-13)	2.8%[5] 2.1%[5]	-1.1% (2013-14) 6.5% (2013-14)

Notes:

1. Targets used to assess progress on greenhouse gas emissions are based upon Alberta's public commitments under the 2008 Climate Change Strategy; a comparable target for 2012-13 is 246.
2. Historical results for kilograms of municipal solid waste per capita to landfills have been revised to correct a formula error. This correction did not result in material change in the result.
3. The methodology for Facility Operational Requirements and Drinking Water Quality has been enhanced in 2011-12. Historical results have been restated under the new methodology. Data for the Drinking Water Safety Indicator does not include water works facilities at industrial sites.
4. Data for the percentage of species at risk is generated every five years. The next results will be available in 2015.
5. Target is calculated as a rolling average greater than or equal to the last five years results.

*Indicates Performance Measures that have been reviewed by the Office of the Auditor General. The performance measures indicated with an asterisk were selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal,
- Measures for which new data is available, and
- Measures that have well established methodology.

**Indicates Performance Measures included in Measuring Up 2013-14 under strategic goal six as a performance measure or performance indicator.

For more detailed information see Performance Measure Data Sources and Methodology Section on page 43 of the report.
For changes to performance measures see Changes to Performance Measures Information on page 51 of the report.

Discussion and Analysis of Results

Executive Summary

The work of the last two years is paying off and the building blocks are now in place as we continue to share stewardship of our air, land, water, biodiversity and natural resources with the people of Alberta.

2013-14 was both tumultuous and rewarding.

Flooding in Southern Alberta in June tested our mettle, but we rose to the occasion and demonstrated the resilience that reflects Alberta. Environment and Sustainable Resource Development led the way by providing warning of the advancing flood waters, assisting people who were forced to evacuate their homes, and working tirelessly in the subsequent clean up, ongoing restoration and mitigation work.

And through it all, we never lost sight of the larger goal of continuing our work on implementation of an integrated resource management system to ensure that we are achieving our economic goals in an environmentally responsible manner.

We have made great strides in the last year as highlighted in this annual report:

Passage in the Legislature - The *Protecting Alberta's Environment Act*, which establishes the Alberta Environmental Monitoring, Evaluation and Reporting Agency, was passed by the Legislature in the fall of 2013. This arm's-length agency will ensure that Alberta's environmental monitoring work remains open, transparent and based on science and facts. Operation of the agency will begin in early 2014 upon proclamation of the Act.

Development of the Draft South Saskatchewan Regional Plan – The draft South Saskatchewan Regional Plan was released for final public input in 2013. The draft Plan proposes to create new and expanded recreation and conservation areas, establish environmental limits, protect our water supply and provide clarity about land-use and access. The draft plan was developed following extensive consultation with Albertans.

Responsible Energy - Proclamation of the *Responsible Energy Development Act* on June 17, 2013 was an important milestone this past year. This legislation dissolved the former Energy Resources Conservation Board and enabled the creation of the Alberta Energy Regulator to regulate all upstream oil, gas, oil sands and coal projects from application to reclamation.

Aboriginal Consultation Office - Under *The Government of Alberta's Policy on Consultation with First Nations on Land and Resource Management, 2013,* Alberta created the Aboriginal Consultation Office by merging relevant services previously provided by the department and the ministry of Aboriginal Relations. The Aboriginal Consultation Office is a centralized, focused unit for First Nations consultation, and is administered by the ministry of Aboriginal Relations.

Flood Mitigation Measures - New funding was announced for the provincial Flood Hazard Identification Program to update existing maps, or to map new areas. After a major flood event, studies and maps are assessed to ensure they remain relevant and are updated as required. Flood hazard studies are for a specific stretch of a water body, not a specific community and are completed in collaboration with municipalities.

Flat Top Complex Wildfire Review Committee Report - The government accepted all 21 recommendations contained in the Flat Top Complex Wildfire Review Committee report and is committed to full implementation. Initiatives are being implemented that respond to the recommendations. New funding was provided in 2013 to commence implementation of the recommendations that require additional resources. These actions will better protect Albertans, communities, natural resources and other values from the risk of wildfire.

Market Access - Market access continues to be a priority of the Alberta Government and the department has continued its work to promote responsible resource development and environmental stewardship in both the United States and Europe. The ministry also continues to pursue emerging markets in India and China for our forest products and expand markets in Japan, Korea and the United States. There is increased demand for forest products in the United States and we are actively pursuing those opportunities with our strongest trading partners.

Results-based Budgeting - The *Results-based Budgeting Act* commits the departments to review everything that government does. Environment and Sustainable Resource Development led the review of programs that contribute to resource management and environmental stewardship outcomes. The review assisted in enhancing relevancy, effectiveness and efficiency by identifying linkages between programs, services and the outcomes desired by Albertans.

The Floods of 2013

In June 2013, Alberta experienced the worst natural disaster in Canadian history as flood waters impacted over 55,000 square-kilometres of the province. Environment and Sustainable Resource Development led the way with flood forecasting and in the development of mitigation measures following the floods.

Department staff went above and beyond the call of duty and assisted with evacuations, clean-up operations and provided ongoing support to victims of the flooding.

Ninety-nine per cent of Albertans displaced by the floods are back in their homes, and while recovery continues, important services have been restored in flood-affected communities.

The following provides a small glimpse into how the Government of Alberta responded and reflects the progress made in the first six months following the floods:

- Provided $70 million to victims in immediate support;
- Evacuated 100,000 Albertans from their homes and communities;
- Operationalized water and wastewater treatment systems that sustained damage or were not operational as a result of the flood
- Provided $25 million to help Albertans manage disaster-related mental health issues;
- Re-opened 83 per cent of campgrounds accessible by maintained roads by August 2013;
- Either fully or partially reopened 1,058 kilometers of the closed Kananaskis Country recreational trails;
- Provided $216 million for flood recovery erosion control (FREC) projects in communities; and
- Repaired 92 per cent of damaged roads and bridges.

Environment and Sustainable Resource Development provided staffing to assist with flood recovery efforts and provided ongoing support in developing updates to flood hazard mapping and emergency warning systems.

Recovery work continues beyond this brief snapshot of the overall situation, including the undertaking of mitigation projects across the province, improvement of environmental monitoring systems, as well as work on large-scale projects such as dry dams and much more.

GOAL 1

Desired environmental outcomes for air, land, water and biodiversity are achieved

2013 Flood Response - Environment and Sustainable Resource Development's initial efforts served to address the immediate needs of Albertans during and following the emergency phase of the 2013 flood events. The ministry took a lead role in the flood recovery efforts and Minister Campbell serves on the Flood Recovery Task Force. Department staff led a number of new and complex initiatives to ensure Albertans lives were returned to normal, and preventative measures were in place to protect the public in the event of reoccurrence. Funding of $216 million was allocated to municipalities to enhance and establish preventative measures. The department has been assisting in developing flood hazard mapping updates to allow municipalities to develop preventative measures for the future.

Flood Mapping - On July 14, the Government of Alberta announced a policy designed to protect homeowners from future floods. The policy discourages building in a floodway and mandates flood proofing development built in the flood fringe. Environment and Sustainable Resource Development plays a crucial role in mapping floodways and providing modelling information to assist municipalities in future development decisions.

In September, the Government of Alberta announced $8.7 million to complete flood hazard studies, to update existing maps, or to map new areas which will reduce the impacts of future flooding. Flood mapping is done on an entire waterway. There is no specific focus on towns or municipalities, but instead, focus is on areas of the province where there are risks to populations from flood events. Flood hazard mapping is provided to municipalities so they can make the best decisions for future development. New residential development and permanent structures are discouraged in floodways; flood fringe development should be flood proofed.

Environment and Sustainable Resource Development continues to work with communities to identify and prioritize future mapping needs, and advance map updates. Major changes to river patterns and new information collected after major floods can lead to a better understanding of flood hazards. Following the 2013 floods, models are being assessed to determine whether flood hazard mapping restudies are required in some areas.

In order to provincially prioritize future flood hazard mapping, an understanding of the 2013 floods and the existing flood hazard mapping accuracy is required. To that end, numerous high water mark reports have been completed by the department and several hydrologic and hydraulic model assessments are currently underway.

Support and Emergency Response Team - In 2013 the Support and Emergency Response Team played a lead role in responding to and coordinating resources to a number of large events including the 2013 floods in southern Alberta and Fort McMurray, the Gainford train derailment, the Obed Mine release into the Athabasca River and the Westar Landfill fire near Medicine Hat. During these incidents the Team ensured that environmental response objectives and tactics were considered and implemented, environmental monitoring was in place and ultimately that the best environmental outcome was achieved.

The Support and Emergency Response Team is currently assisting with the British Columbia/Alberta Land Based Spill Preparedness and Response Working Group to create a world class spill management regime. The team is also implementing the Emergency Air Monitoring and Assessment System in the oil sands and is working with the Alberta Energy Regulator to ensure a seamless transfer of spill oversight for activities falling under its responsiblilty.

Managing Forest Fires - In 2013, the government accepted all of the recommendations in the Flat Top Complex Wildfire Review Committee report. The government commissioned the committee following the wildfires that impacted the Town of Slave Lake and surrounding area in 2011. Environment and Sustainable Resource Development is implementing 13 of the 21 recommendations within its regular budgets. For the 2013 fiscal year, Environment and Sustainable Resource Development secured $18 million in new money to commence work to implement the eight recommendations that require additional resources. Most of this funding was directed towards increasing wildfire suppression capacity and capability and FireSmart initiatives. Additional funding will be requested in future years to fully implement the recommendations.

Vision for Environmental Leadership and Growth - Progress has been made towards the 25 to 40 year vision for leadership and growth in the environment. The commitment has evolved and has been incorporated with government's focused agenda: An Integrated Resource Management System. Priority work in support of advancing the Integrated Resource Management System includes regional planning, integrated policies, regulatory enhancement, and improved environmental monitoring. These initiatives are being advanced to ensure responsible growth with integrated and sustainable solutions for the future.

The regional plans being developed across the province are intended to reflect a 50 year horizon. Long-term strategies supporting the vision include (but are not limited to) the Clean Air Strategy, Water for Life Strategy, Climate Change Strategy, Energy Strategy and Responsible Actions.

Property Rights - Respecting the rights of landowners is a top priority of this government – and regional plans are built with this in mind. Regional plans will not change or alter property rights or freehold mineral rights in Alberta. Landowners are protected under the *Alberta Land Stewardship Act*.

The government also continues to work on recommendations of the Property Rights Task Force. Through the *Responsible Energy Development Act* government is making improvements to the current system that will allow landowners to be heard earlier on in the process, before decisions are made.

Development of Regional Plans - The draft South Saskatchewan Regional Plan was released for a final round of public consultation in 2013. The plan includes commitments to implement environmental management frameworks for air, surface water and biodiversity. The plan is expected to be approved in 2014.

The Alberta Government continues implementation of the Lower Athabasca Regional Plan and is completing a number of strategies, such as a biodiversity management framework and landscape management plan, to support implementation.

A regional strategic assessment is being conducted for the south Athabasca oil sands area, which is the main area of in situ oil sands development in the region. This prototype will assess the cumulative effects of future development; the output from this initiative feeds into the landscape management plan. The landscape management plan will support the achievement of the objectives of the biodiversity management framework, and other relevant provincial policy outcomes, by defining specific actions to manage the cumulative effects of human activities on air, land, water and biodiversity.

In 2013, preparations for the North Saskatchewan Regional Plan began, including developing the terms of reference for the plan, and the establishment of a regional advisory council in 2014.

South Saskatchewan Regional Plan

The draft South Saskatchewan Regional Plan proposes new conservation areas and environmental limits, protects the water supply and provides clarity about land-use and access. The draft plan will help manage the cumulative impact of our activities on the landscape.

The draft plan was developed following extensive consultation with Albertans in 21 communities in the region. First we asked what should be included in the plan, and when the draft plan was written we went back to seek more input to make sure the plan meets the needs of Albertans.

The draft South Saskatchewan Regional Plan is a 50-year framework to inform Albertans how they can continue to use this important area of the province and manage its growth for future success. The draft plan identifies landscapes and sensitive habitat for legislative protection; protects our water supply; enhances water security; establishes environmental management frameworks for air and surface water; respects individual property rights; and furthers flood mitigation measures.

Aboriginal Consultation Office - Under *The Government of Alberta's Policy on Consultation with First Nations on Land and Resource Management, 2013*, Alberta created the Aboriginal Consultation Office by merging relevant services previously provided by the ministries of Environment and Sustainable Resource Development and Aboriginal Relations. The Aboriginal Consultation Office is a centralized, focused unit for First Nations consultation, and is administered by Aboriginal Relations with support from other ministries. Its mandate is primarily to manage the consultation process, including assessing the adequacy of proponent-led consultation activities with First Nations, as set out in the new policy.

The Aboriginal Consultation Office's coordinated approach to consultation enhances resource development certainty, respects Treaty rights, clarifies the consultation process for all parties, and advances world leading resource stewardship.

The new Aboriginal Consultation Office supports the integrated resource management system and is aligned with key regulatory and policy and planning initiatives, including regional plans and the creation of the Alberta Energy Regulator.

Alberta Energy Regulator - The Alberta Energy Regulator is now a full functioning entity. With the proclamation of the *Responsible Energy Development Act* on June 17, 2013, the Alberta Energy Regulator assumed functions related to energy enactments from the former Energy Resources Conservation Board. On November 29, 2013 the Alberta Energy Regulator took over regulatory functions under the *Public Lands Act* and Part 8 of the *Mines and Minerals Act* dealing with geophysical operations from Environment and Sustainable Resource Development. A landowner registry was also enabled at this time as a means to provide landowners and occupants with the option of registering their private surface agreements, making those agreements enforceable by the Alberta Energy Regulator.

On March 29, 2014 the Alberta Energy Regulator assumed regulatory functions under the *Environmental Protection and Enhancement Act* and *Water Act* for upstream oil, gas, oil sands and coal from Environment and Sustainable Resource Development. The model is that of a single window in regulating these activities from application to reclamation. The *Responsible Energy Development Act* now requires public notice for all applications that apply to activities across these industry sectors. The Alberta Energy Regulator and its new regulatory model considers the interests of landowners and those directly and adversely affected, and provides certainty for industry, while ensuring Alberta's stringent environmental standards continue to be met. In this model, government continues to maintain responsibility for policy development.

Environment and Sustainable Resource Development provided ongoing access to appropriate information systems to the Alberta Energy Regulator throughout the transition to support the roles each has as a regulator.

Alberta Responsible Energy Policy System - The Alberta Responsible Energy Policy System portal was created by the Policy Management Office in partnership and with significant support from Environment and Sustainable Resource Development, Alberta Energy, and the Alberta Energy Regulator. This new system provides coordinated online public access to all policies relating to the development of upstream oil, gas, oil sands and coal. This easy-to-use platform allows users to search and access several varieties of policy instruments ranging from legislation, regulations, rules, strategies, plans, directives, information letters and manuals that inform regulatory decision making. The Alberta Responsible Energy Policy System provides access to hundreds of environmental and natural resource policies developed by Environment and Sustainable Resource Development.

Environmental Monitoring - The *Protecting Alberta's Environment Act*, was passed by the legislature during the 2013 fall sitting. The bill allowed creation of the Alberta Environmental Monitoring, Evaluation and Reporting Agency. In March of 2014, Dr. Lorne Taylor was named as chair and Dr. Gregory Taylor as vice-chair of the Agency.

The Alberta Environmental Monitoring, Evaluation and Reporting Agency will be fully established in 2014 and will assume Alberta's responsibilities under the Joint Canada-Alberta Implementation Plan for Oil Sands Monitoring.

In April of 2013, the Governments of Alberta and Canada also introduced a joint information portal as part of the Joint Canada-Alberta Implementation Plan for Oil Sands Monitoring initiative. The joint oil sands monitoring portal, which is open to the public, provides quality-controlled data and information on monitoring activities conducted under the joint plan.

Environmental Monitoring: A Key Tool in Responsible Resource Development

Establishment of the Alberta Environmental Monitoring, Evaluation and Reporting Agency is one more step in ensuring that Alberta develops its natural resources in ways that safeguard the environment, while keeping the economy strong and allowing the province to grow markets.

A number of developments have taken place in the past year.

For example, Environmental Monitoring acquired a self-powered, mobile Light Detection and Ranging Unit which will undertake monitoring activities in various regions of Alberta to monitor air quality and to verify industrial emissions reported to the department by industry.

The unit is currently being used in the oil sands region in Northeast Alberta and is an essential tool in managing large areas of potential impact to identify potential environmental triggers. Eventually, the unit will be utilized throughout the province.

The Government of Alberta has also expanded the joint oil sands monitoring program with the Government of Canada and has added new water quality sites along the Athabasca and Muskeg river systems, increased hydrocarbon monitoring through the addition of new monitoring sites and improved biodiversity monitoring in the region. An Oil Sands Information Portal provides up to date monitoring data in an open and transparent manner that is accessible to all Albertans.

These measures are designed to provide up to date, reliable information that allows the government to identify and rectify potential issues and ensure that resources are being developed in a responsible manner.

Tailings Management - Environment and Sustainable Resource Development is working to prepare a tailings management framework that will introduce comprehensive management expectations to reduce volumes of oil sands fluid tailings and promote reclamation success. In 2013, the Department initiated a consultative process with stakeholders, industry, First Nations, and Métis groups to inform the development of this new policy. Government will continue to work with these key partners in the exploration of methods to effectively manage tailings ponds and the development of solutions that will speed up the reclamation of mine sites. Technological advancements will be key to finding long-term, effective solutions to tailings management.

Greenhouse Gas Regulation - Alberta has been participating with other provinces and territories as well as industry in the federal government's sector-based efforts to establish national greenhouse gas performance standards. In 2013-14, national regulations for coal-fired electricity generation were established. Alberta has initiated a process to establish equivalency to implement these requirements through Alberta's Specified Gas Emitters Regulation. Sector-based regulations and equivalency discussions are continuing in 2014.

Open Source Environmental Systems - This project enables government to share credible data and information with integrated resource management system stakeholders. This includes all data and information relevant to environmental, landscape and sustainable resource management. In 2013, a forum for joint planning and coordination between integrated resource management system partner organizations (the departments of Environment and Sustainable Resource Development, Aboriginal Relations, and Energy, the Alberta Energy Regulator and Environmental Monitoring) was established. Work on this project will continue in 2014.

GeoDiscover Alberta - As the spatial data infrastructure for Alberta, GeoDiscover Alberta provides the policies and technology that enable the Government of Alberta and its stakeholders to easily share geographical information. GeoDiscover Alberta's philosophy is "collect once, closest to the source, and share many times".

GeoDiscover Alberta has been working closely with Service Alberta on the Open Government initiative. In partnership with Service Alberta and the Provincial Archives, GeoDiscover Alberta completed the business requirements gathering phase of the multi-year Long-term Digital Geospatial Data Preservation Initiative which will see the creation of a trusted digital geospatial data preservation archive for Alberta.

With the Ministry of Transportation, GeoDiscover Alberta has been leading the creation of the definitive Alberta Road Network with implementation set to start in fall 2014.

Water Conversation - In 2013, the Government of Alberta renewed a conversation with Albertans on managing water resources to ensure future needs. The water conversation presented potential water management options to help Alberta respond to future demands for water to support growing communities, healthy aquatic ecosystems and a strong economy – the three goals of Alberta's Water for Life strategy. The conversation focused on four priority areas: healthy lakes; hydraulic fracturing and water; drinking water and wastewater; and water management. From February to April, community conversations were held in 20 locations across Alberta. A series of in-person conversations were held with stakeholder groups, including lake stewardship groups, watershed planning and advisory councils, landowner associations, municipal governments, irrigation districts, agricultural producers, recreation associations, conservation groups, environmental non-governmental organizations, and industry sectors. A series of dedicated conversations was also held for Alberta's First Nations and Métis organizations, recognizing their special relationship with water and land.

More than 1,300 people took part in these meetings, and more than 760 surveys were returned. In addition, more than 350 written submissions were provided. These were delivered via email, Twitter, blog entries, letters, or in person. Information gathered during the water conversation will inform future water policy decisions. The water conversation action plan forms the basis for the Water for Life Action Plan renewal.

Water Frameworks - Water management frameworks ensure we are using our water resources wisely, and are important aspects of regional planning in Alberta.

A Surface Water Quality Management Framework was developed as a part of the draft South Saskatchewan Regional Plan. It identifies ambient triggers and limits to protect surface water quality, clarifies Government of Alberta expectations, addresses cumulative effects, and supports pollution prevention and proactive management strategies.

A Groundwater Management Framework with interim triggers and limits was developed for the Lower Athabasca Regional Plan in June 2013. Monitoring networks are being developed over the next few years and once the network is fully operational, the data collected will help finalize the triggers and limits.

Environment and Sustainable Resource Development is currently developing a Surface Water Quantity Management Framework for the Lower Athabasca River. This Framework, along with other environmental management frameworks, is part of a shift to cumulative effects management. The objective of the Framework will be to manage cumulative water withdrawals from the Lower Athabasca River, to support both human and ecosystem needs, while balancing social, environmental, and economic interests. The Framework will focus on managing water withdrawals by the oil sands sector, which is currently the largest consumptive user of water in the lower Athabasca River and is forecast to comprise the largest increase in future water demand.

Wetlands - In the fall of 2013, the Government of Alberta announced a new Wetland Policy for the province. Its goal is to conserve, restore, protect, and manage Alberta's wetlands to sustain the benefits they provide to the environment, society, and the economy.

The Alberta Wetland Policy provides the strategic direction and tools required to make informed management decisions in the long-term interest of Albertans. The policy will minimize the loss and degradation of wetlands, while allowing for continued growth and economic development in the province.

This policy represents a significant shift in wetland management, taking into account not only the spatial footprint of a wetland, but also the relative value it provides. Under the Policy, relative wetland value will be evaluated on the basis of relative abundance on the landscape, supported biodiversity, ability to improve water quality, importance to flood reduction, and human uses. Individual wetlands will be assessed against these key criteria and assigned an overall wetland value.

The development of a rapid wetland assessment tool, the Wetland Ecosystem Services Protocol for Southern Alberta, was designed to improve wetlands approvals. In 2013-14 the tool was completed for the Grasslands Region of southern Alberta and work has started to develop the tool for the Parkland Region. This collaboration also included a partnership with the City of Calgary and Rocky View County, and Ducks Unlimited has expressed an interest in using the tool in the future to enhance its wetlands restoration work. This work will continue to inform a variety of implementation aspects of the new policy, including the creation of a new wetland assessment tool.

Trans-boundary Water Negotiations - In 2013, Alberta worked in collaboration with British Columbia, Northwest Territories and Saskatchewan to draft bilateral water management agreements on shared waters in the Mackenzie River basin. These are government-to-government agreements that define provincial water entitlements and obligations. It is expected that the agreements will be signed next year.

Air Management - Alberta has continued to be a national leader in its implementation of the Air Quality Health Index. In 2013, an Air Quality Health Index App for mobile devices, including Apple, Android and BlackBerry, was developed. This is the Government of Alberta's first BlackBerry app. The department delivered a communication and engagement program to inform Albertans on air quality and the use of the Air Quality Health Index. This included piloting an Air Quality Health Index education program in Edmonton area schools so students could learn about air quality, how it impacts their lives and what they can contribute to improve air quality.

As part of the commitment to implement the national Air Quality Management system, in 2013-14 Alberta delineated six airshed zones for management and reporting of the Canadian Ambient Air Quality Standards for fine particulate matter and ozone. The air zone follows the Land-use Framework regional boundaries to facilitate cumulative effects management. The air zones are in the South Saskatchewan, Red Deer, North Saskatchewan, Upper Athabasca, Peace (combination of Lower Peace and Upper Peace regions) and Lower Athabasca.

Protection of Species at Risk – Work continued in 2013 on the species at risk program in Alberta as a component of responsible environmental stewardship in Canada. As a signatory to the National Accord for the Protection of Species at Risk, Alberta commits to the establishment of regulations and programs that provide for the effective protection of species designated at risk within Alberta. Recovery and management plans prepared for Alberta species have been instrumental in achieving maintenance of fish, wildlife and plant species that have been acknowledged under a variety of listing categories through the work of the provincial Endangered Species Conservation Committee.

Did you know?

Did you know that the estimated grizzly bear population in Alberta is 700?

Did you know that through Alberta's BearSmart program, Environment and Sustainable Resource Development works with communities, residents and industry to manage human activities in order to reduce the risk of human-caused grizzly bear mortalities?

Did you know that hunting of grizzly bears in Alberta was stopped in 2006?

Did you know?

The Government of Alberta has a woodland caribou recovery plan and a woodland caribou policy that are in place to achieve naturally-sustaining woodland caribou populations.

Caribou Action and Range Planning - Alberta is developing caribou action plans and range plans for the maintenance and recovery of Alberta's fifteen caribou populations on provincial lands. Range plans will be integrated and aligned with regional plans. Caribou range planning addresses land-use strategies and tools for meeting habitat objectives. These objectives will also form a component of landscape management plans to meet biodiversity objectives.

Sage-grouse - In February 2014 the federal government implemented an emergency order under the *Species at Risk Act* to protect greater sage-grouse and its habitat. The order addresses imminent threats to sage-grouse and its habitat in order to stabilize the existing sage-grouse population. The order prohibits certain activities on approximately 980 square kilometers of provincial crown lands.

Provincial recovery efforts are focusing on population monitoring, habitat restoration and predator management. The federal and Alberta Governments are also contributing a combined $4.2 million to support a 10-year sage-grouse captive breeding program that will be established by the Calgary Zoo. There are a number of recovery-related initiatives aimed at rebuilding the iconic bird's dwindling numbers, which have plunged by 98 per cent since 1988.

Did you know?

Did you know that sage-grouse recovery efforts in Alberta are guided by a provincial plan that focuses on habitat protection and restoration and collaborative actions with industry and stakeholders?

Collaborative actions include conservation and reclamation activities, predator management activities and a captive breeding program with Calgary Zoo and Environment Canada.

Fisheries - Environment and Sustainable Resource Development has worked to assess the status of eight fish species using a new method called the Fish Sustainability Index. This approach provides a scientifically-defensible and repeatable assessment of the risks to the sustainability for fish populations. It utilizes both current and past distribution, abundance, habitat and landscape condition information, and more. These assessments will enable the development of objectives and plans for fisheries management and conservation which focus and prioritize efforts for monitoring and recovery or enhancement actions. It also enables the department to provide advice to other regulators and better information to our stakeholders. Better information supports stronger fish populations and improves the ability of the department to manage fisheries to provide opportunities and benefits to Albertans.

Fish Conservation and Management Strategy - A renewed Fish Conservation Strategy for Alberta was finalized in early 2014. The strategy encompasses the broad goal of providing opportunities to anglers and other users of fisheries in Alberta to enjoy the benefits of fisheries. It balances the opportunity for angling, conservation and public involvement in our decision making processes. Through the engagement of First Nations, anglers and stakeholders, the renewed strategy offers a perspective on Alberta's approach to the management of a relatively small number of lakes and streams with a growing population. It re-affirms the commitment to collaborate with Albertans and ensures the ongoing sustainability of fish populations now and into the future.

Results-based Budgeting - Results-based budgeting began in February 2012 with the passage of the *Results-based Budgeting Act*, which committed all government ministries to review everything that the government does over three cycles.

In 2013, Environment and Sustainable Resource Development led the cycle two process for the Resource Management and Environmental Stewardship line of business, representing work done by six ministries. This review generated 14 key recommendations and many other improvement opportunities that are now being implemented. In addition, the department is following up on cycle one recommendations, and is participating in cycle three.

The Results-based Budgeting Review process yielded a range of benefits to the department, beyond the recommendations that came forward. Some of these benefits included an increased understanding of program and services interrelationships and impacts on outcomes, enabling better coordination, and identification of integration opportunities.

Bow Habitat Station Flood Recovery – Sam Livingston Fish Hatchery

During Alberta's June floods, the fresh water wells for the Sam Livingston Fish Hatchery and Bow Habitat Station's aquariums were damaged and lost their ability to pump fresh water to the fish. As the water rose, power to the building was also lost. Government of Alberta staff from a variety of ministries, along with contractors, worked in complete darkness and eerie silence for 46 hours. It took five days of continuous effort but, in the end, they accomplished their mission and evacuated all 250,000 fish. They can proudly report that not one fish died.

In October, the first of thousands of fish made their triumphant return to the hatchery after months of repairs and replacements. Pumps, valves and pipes all required some extra attention to ensure operations could return and, one by one, the 11 fresh water wells that were damaged in the flood came back online.

Despite the flood, and the fish hatchery's resultant 3-month shut down, over a million trout were raised to be released in the 2014 fish stocking season. Over 90 per cent of the requested stockings will be accomplished; however, some will be extended into the fall.

In its fourth year of operation, Bow Habitat Station continues to foster stewards of Alberta's natural resources through an awareness, appreciation and responsible use of water, land and biodiversity. As a result of the June flood, many parts of the facility sustained damage and Bow Habitat Station was without the full operation of its visitor services for a total of 120 days. Despite these challenges, over 13,000 people visited the Discovery Centre and Fish hatchery in 2013-14; including over 5,500 through group, family and school programs. The Trout Pond also saw steady usage once it re-opened after the floods.

Bow Habitat Station also held four successful events, including celebrations for National Wildlife Week and the Family Fishing Weekend in February, which were attended by over 1,600 visitors. Bow Habitat Station staff also attended various community outreach events, which engaged over 25,000 people.

Goal 1 Performance Measures

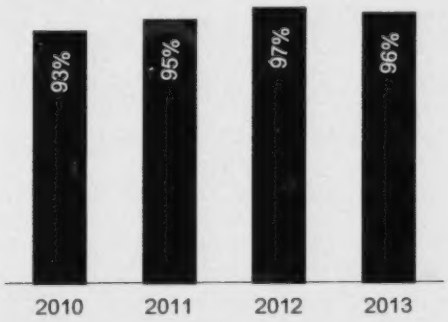
1.a Quality of Alberta's Air

The Quality of Alberta's Air measures the air quality based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide, and fine particulate matter – $PM_{2.5}$

Target

'Good' air quality days 95% of the time

Figure 1
Quality of Alberta's Air
(percentage of good days)



Results Analysis

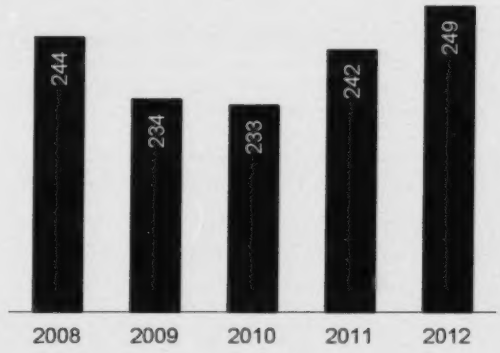
In 2013, Alberta had 'good' air quality days occurring 96 per cent of the time. Relative to 2012 there was a slightly higher frequency of wintertime smog (human induced) and springtime ozone (natural influence). Similarly, the air quality in 2013 was better than 2010 and 2011, years influenced by a higher frequency of wintertime smog and forest fire smoke. The results are also influenced by the implementation of new monitoring technology at air monitoring stations across Alberta, which better accounts for total $PM_{2.5}$ concentration. The improvements in monitoring technology are being made as part of the initiative to upgrade the National Air Pollution Surveillance Network across Canada. The number of stations incorporated into this measure, using the new monitoring technology and meeting data completeness requirements, were: ten in 2010, eleven in 2011, ten in 2012 and twelve in 2013. Air quality is influenced by a number of factors including vehicle emissions, weather patterns, wildfires and intensity of industrial development.

1.b Total Greenhouse Gas Emissions

This performance measure tracks the success in meeting the greenhouse gas emissions growth targets measured in million tonnes of CO_2, as outlined in Alberta's 2008 Climate Change Strategy.

Target
Comparable target is 246 million tonnes for 2012

Figure 2
Total Greenhouse Gas Emissions
(million tonnes)



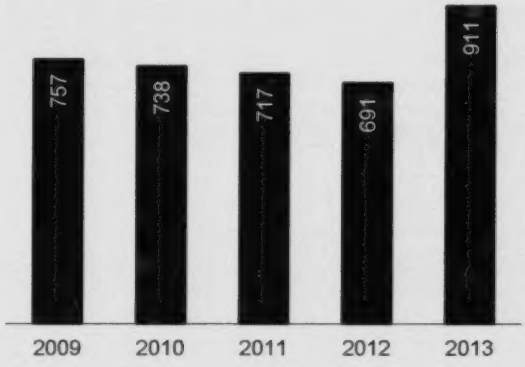
Results Analysis
The results for 2012 reflect higher overall emissions relative to previous periods. This is mostly driven by the enhanced production of petroleum resources for export markets. Key factors contributing to the more recent increase in emissions include an increase in oil and gas activity and an increased demand for industrial output when compared to 2011 emissions for the province of Alberta.

1.c Municipal Solid Waste to Landfills[1]

The amount of municipal solid waste sent to landfills indicates Alberta's progress toward reducing the annual amount of municipal solid waste disposed in landfills as measured in kilograms of waste per capita per year.

Target
675 kilograms per capita

Figure 3
Municipal Solid Waste to Landfills
(kilograms per capita)



Results Analysis
Municipal solid waste disposed in landfills increased from 691 kilograms per capita in 2012 to 911 kilograms per capita in 2013. The five year trend shows a decreasing amount of waste. A number of factors can influence this measure including government or private sector waste reduction initiatives, the overall state of Alberta's economy, and natural disasters. More years' of data will be needed to determine if this year's results are an anomaly due to the southern Alberta floods, or are the beginning of an increase in the overall trend. Innovative approaches will be necessary in the coming years to reduce the amount of waste disposed in Alberta landfills, particularly on high volume waste streams such as organics, packaging and printed materials, and construction and demolition waste.

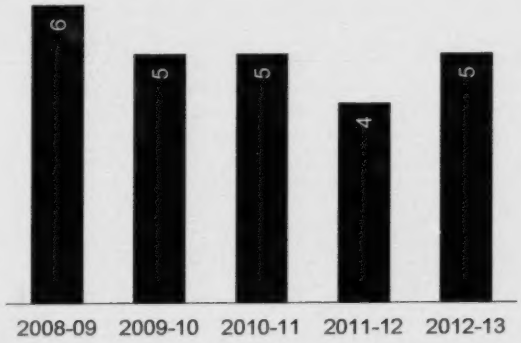
Note 1: Historical results for kilograms of municipal solid waste per capita to landfills have been revised to correct a formula error. This correction did not result in material change in the result.

1.d River Water Quality

River Water Quality measures the water quality of six major Alberta rivers at key sites based on monthly data on four groups of variables (metals, bacteria, nutrients and pesticides), which are combined to provide an indication of overall water quality.

Target
Six out of six rivers systems have 'good' to 'excellent' water quality

Figure 4
River Water Quality
('good' to 'excellent' water quality)



Results Analysis
In 2012-2013, five out of six river systems assessed as part of the Alberta River Water Quality measure demonstrated 'good' to 'excellent' water quality. This is below the target. Various natural and human factors, including flow volume, degree of development in the basin, point source effluent discharges, and non-point source runoff (e.g., from agricultural fields), can influence the River Water Quality measure. July water quality sampling in the Red Deer River coincided with a rainfall event. Resulting non-point source runoff likely contributed bacteria, nutrients, pesticides and metals to the river, leading to guideline exceedances for these contaminants and a rating of 'fair' at the downstream Red Deer River monitoring station.

The Alberta River Water Quality measure examines a very broad range of water quality parameters, many of which tend to fluctuate over time, particularly in response to climatic events. Hence, a small level of inter-annual variability in ratings is expected and typically observed.

1.e Drinking Water Safety Indicator[2]

The Drinking Water Safety Indicator measures the ability of regulated facilities to provide quality drinking water to Albertans. This indicator measures the success of Alberta's drinking water program in ensuring

Albertans will continue to enjoy improving drinking water quality. The indicator is comprised of three sub-measures that measure the performance of the program:

Facility Design Standards
The percentage of facilities required to meet newer performance standards (1997 or 2006, as applicable).

Facility Operational Requirements
The percentage of inspected facilities in compliance with regulatory requirements that prevent water quality incidents.

Drinking Water Quality
The percentage of facilities that did not have significant drinking water quality incidents.

Targets
Facility Design Standards: 98%
Facility Operational Requirements: 96%
Water Quality: 98%

Figure 5
Facility Design Standards
(percentage of facilities required to meet newer performance standards)

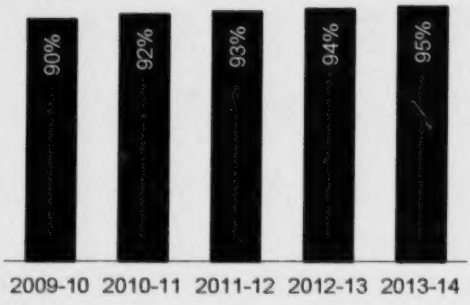
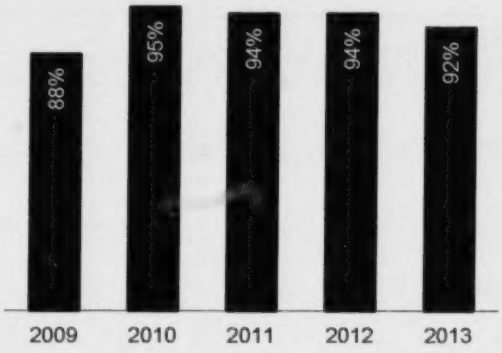
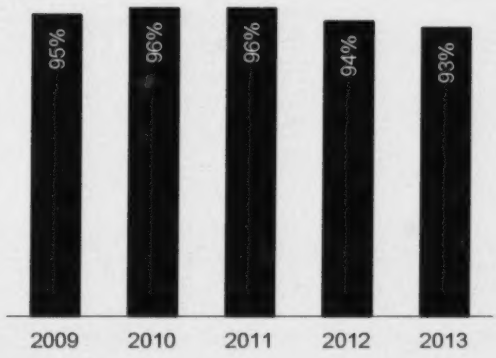


Figure 6
Facility Operational Requirements
(percentage of facilities in compliance with operational requirements)



Note 2: The methodology for Facility Operational Requirements and Drinking Water Quality has been enhanced in 2011-12. Historical results have been restated under the new methodology. Data for the Drinking Water Safety Indicator does not include water works facilities at industrial sites.

Figure 7
Drinking Water Quality
(percentage of facilities that did not have water quality incidents)



Results Analysis

Results show continued improvement in the infrastructure of regulated drinking water facilities. The results also indicate the percentage of facilities inspected in compliance with operational requirements declined somewhat. Program elements such as abatement, education and enforcement continue to address facility operation challenges and water quality events.

Facility Design Standards

In 2013-2014, 95 per cent of regulated systems had treatment technology that is required to meet newer facility performance standards (figure 5). This is an improvement in water treatment technology at one per cent of facilities over the previous year. The goal for this measure was to achieve a specified per cent increase each fiscal year until 100 per cent of facilities meet new performance standards; fiscal year targets have been established according to this expectation. The 2013-2014 result was slightly less than the projected two per cent improvement for this fiscal year. Compared to the reported target of 98 per cent facility design standards were three per cent below target. This occurred due to unrealized improvement of two per cent from previous fiscal years. An assessment project completed at the end of 2011-2012 indicated that a significant number of facilities are able to meet new performance standards requirements, which would meet or exceed targets. Staff vacancies in 2013 resulted in delays in implementing standards improvement efforts. These standards requirements will continue to be implemented during 2014-2015. The remaining facilities are required to meet an older performance standard and will require upgrading over time.

Facility Operational Requirements

Compliance with meeting facility operational requirements declined in 2013 with 92 per cent of facilities satisfactorily meeting operational requirements (figure 6). Due to staff vacancies during the year fewer inspections were completed than normal. However, those completed inspections were targeted to facilities with a history of unsatisfactory inspections and show mainly incorrect monitoring practices, resulting in the compliance rate decrease. The historically compliant facilities typically do not exhibit the same non-compliant monitoring practices and may have increased the compliance rate to near that of previous years, had they been inspected. Various initiatives, such as abatement and compliance education, have been continued to assist facility operators in complying with operational challenges to increase compliance.

Drinking Water Quality

In 2013, 93 per cent of facilities operated without any significant water quality incidents (figure 7). Where incidents did occur, advisories were issued where necessary, and Environment and Sustainable Resource Development staff assisted operators in addressing the problems. The results were lower than the target and previous year results, largely due to two reasons: two per cent of events were flood-related, and about two per cent were post-treatment quality concerns which do not pose immediate water safety issues. Aside from the flood-related events, the number of treatment upsets with advisories remained similar to previous years. Continuous improvement in upgrading facilities and addressing the operational challenges are expected to further mitigate water quality incidents in the future.

1.f Healthy fish and wildlife: Biodiversity[3]

Measures the percentage of species at risk in the province

Target

Less than five per cent

Figure 8

Healthy Fish and Wildlife: Populations (Percentage of species at risk. Next results will be in 2015)

Results Analysis

The target for this measure was met. Due to the length of time between reporting (once every five years) and the small number of data points available in the timeline, it is difficult to accurately pinpoint the future trend. Therefore the target was set at less than or equal to five per cent. As more data is collected for this performance measure, the trend will become more apparent.

Taxonomic considerations: On very rare occasions, a species may be split into two new species. Or, in past exercises different sub-species were reported as full species (eg. Wood Bison and Plains Bison are now just reported as one species, Bison).

New species found in Alberta (e.g. a vagrant bird species is added to the list of birds in Alberta after having been verified by the Alberta Rare Bird Committee). Despite these rare situations, most of the percentage change will be caused by actual change in the number of species listed as At Risk. As in previous years, this measure will be expected to grow by a small amount because of continued work by the Alberta Endangered Species Conservation Committee who assess the status of species and make recommendations on status to the Minister of Environment and Sustainable Resource Development. In 2010, we reported that 16 of 582 or 3.6 per cent of vertebrates species in the province are At Risk. This rate is higher than the 2.2 per cent reported in 2005.

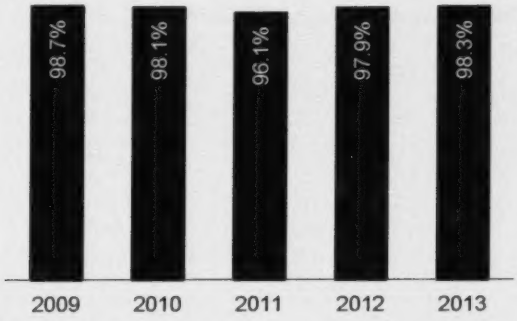
Note 3: Data for the percentage of species at risk is generated every five years. The next results will be available in 2015.

1.g Healthy Forests: Wildfire

Percentage of wildfires contained before 10 a.m. the day following assessment

Target
97.8% (average of previous five years' results)

Figure 9
Healthy Forests: Wildfire
(percentage of wildfires contained before 10 a.m. the day following assessment from April 1 to October 31)



Results Analysis
The target for this measure has been stated as a five year rolling average to account for random environmental factors causing fluctuations in the measure. The result reported in 2012 was 97.9 per cent; target of 97.6 per cent was met. Results for the 2013 reporting year showed a slight increase from that of the previous year. The containment percentage in 2013 was 98.3 per cent, which was above the target of 97.8 per cent and within normal levels of variance.

This performance measure is subject to variance due to a number of independent factors inside and outside the scope of human control. These factors include lightning strikes, amount and type of fuel, moisture levels, human causes, wind conditions, resources available for fighting fires, and wildfire behaviour. Each fire season is characterized by unique conditions, and related wildfire activity (numbers, size and intensities of wildfires) and impacts.

The 2013 fire season started one month early on March 1 and ended on October 31, 2013. The most notable wildfire activity and hazard levels occurred in May. During this time, parts of the province experienced periods of very low relative humidity, little to no precipitation, and high wind speeds. These conditions significantly increased the risk of wildfire. The communities of Nordegg, Lodgepole and Lindale were evacuated for a number of days due to the wildfire threat. Wildfire activity during the remainder of the fire season was lower than normal.

From April 1 to October 31, 2013, the department responded to 1,193 wildfires that burned approximately 19,572 hectares. The number of wildfires and hectares burned was well below the five-year average of 1,562 wildfires and 271,858 hectares burned.

GOAL 2

Sustainable natural resource development is achieved

Climate Change Strategy- Alberta is committed to being a responsible global energy supplier and a leader in greenhouse gas reduction technology. Environment and Sustainable Resource Development is renewing the province's climate change strategy and the Specified Gas Emitters Regulation to ensure continued effectiveness and to look for innovative ways to reduce emissions at the source.

As of March 31, 2014, $503 million was paid into the Climate Change and Emission Management Fund by regulated facilities. More than $234 million of that has already been invested by the Climate Change and Emissions Management Corporation, now in its fifth year of operation, into 89 clean technology, biological and adaptation projects. In addition, $1.3 billion has been earmarked for ongoing carbon capture and storage projects.

Growth in greenhouse gas emissions from the oil sands is due to increases in production to meet a growing global demand for energy. To provide perspective, oil sands greenhouse gas emissions make up approximately:

- 22 per cent of Alberta's emissions;
- eight per cent of Canada's emissions; and
- less than 0.15 per cent of global emissions.

Per barrel (intensity) greenhouse gas emissions continue to decrease, where since 1990 intensity has improved by about 26 per cent.

Land Reclamation Framework – Environment and Sustainable Resource Development, in collaboration with Alberta Energy and the Alberta Energy Regulator, continues development of a Land Reclamation Framework that will provide strategic direction for restoration of land previously used for industrial purposes. The framework will address current issues in reclamation, regulatory gaps, and abandoned infrastructure, as well as provide an implementation plan for future activities. While Alberta has some of the country's leading technical and regulatory guidance on reclamation, the issues associated with reclamation require overarching direction and alignment with natural resource management and land-use planning initiatives.

An external engagement process with stakeholders and Aboriginal communities will support the development of the framework in the next fiscal year.

Advocacy - For Alberta's economy to grow locally, nationally and internationally, Albertans, Canadians and the world need to understand that investing in Alberta means investing in a province that protects the environment while supporting sustainable development of its natural resources. Ministerial delegations to Washington, DC (April 2013); to Europe (fall 2013), and to Poland (November 2013) promoted Alberta's environmental record and its vision of a progressive and environmentally-conscious province. In addition, department staff visited a number of international locations. Examples include promoting Alberta's safe drinking water approach in Spain and its water policy in relation to hydraulic fracturing in Poland.

Environment and Sustainable Resource Development continued to work with the forest sector and other stakeholders in China, India, Japan and Korea to broaden our market access. The department continued to promote Alberta as a competitive, innovative, sustainable and ethical international supplier of forest products and expertise, and worked with Intergovernmental and International Relations to ensure markets are not hindered due to duties, or technical barriers to trade.

Forestry- There are 20 Forest Management Agreements in Alberta. These agreements are negotiated between government and industry, and the company maintains responsibility for forest management planning and reforestation. Agreements have a 20 year term that can be renewed by government every 10 years.

Two Forest Management Agreements were renewed in 2013, for Vanderwell and Millar Western. Forest Management Agreements provide for economic utilization of forest stands and employment in local communities while maintaining a forest environment of high quality.

Work also continued on an Alberta Forest Strategy that provides long term, provincial strategic guidance and support to the ministry's policy, resource management and land-use planning regarding the use of Alberta's public forests.

Forest Health Program - The Forest Health program strives to lead Canada in proactive, adaptive and innovative management of damaging forest health agents. The program was approved by the Government of Alberta in March 2014.

Under the Forest Health Program, Environment and Sustainable Resource Development actively monitors and manages Crown land for prohibited noxious weeds and other invasive species. During the last year, the department mapped 37,196 hectares of eastern spruce budworm defoliation and 6,215,218 hectares of aspen defoliation, most of which was caused by the forest tent caterpillar. The aspen defoliation is a 10-fold increase from the previous year.

The red ring blight of pine was confirmed on the high value pines growing at the Alberta Tree Improvement and Seed Centre, as well as the Calling Lake provenance trail. In order to manage the damage caused by this agent the infected trees were sprayed with fungicide.

Mountain Pine Beetle - Mountain Pine Beetle poses a serious threat to Alberta's forest resources. Left unmanaged, they could devastate Alberta's pine forests and spread eastward across Canada's boreal region.

The department allocated $40 million of in-year funding surveying and control activities of mountain pine beetle infestations, as well as rehabilitation for beetle-killed areas. There were 38 survey and control contracts for the 2013-14 beetle season in the Peace and Upper Athabasca regions. There were 17,450 sites surveyed and more than 150,000 trees controlled.

In the 2013 – 14 fiscal year Saskatchewan contributed $1.1 million towards the mountain pine beetle survey and control program.

While the beetle continues to threaten pine forests, a number of rehabilitation efforts are underway to manage impacts. For example, Environment and Sustainable Resource Development has increased seed collection to enhance reforestation in areas hardest hit by the beetle. A total of 560 kilograms of seed have been collected which is enough to generate more than 45 million new seedlings - enough to reforest about 30,000 hectares of new growth.

Invasive Species - Invasive species have been identified as a high risk to Alberta's water management infrastructure, and overall to Alberta's natural ecosystems. With responsibility for approximately $8 billion of water management infrastructure, an extensive inspection program was undertaken for Healthy Aquatic Ecosystems under *Water for Life* to address this concern. Invasive species prevention and management has been identified as priority work and represents a proactive management of risk.

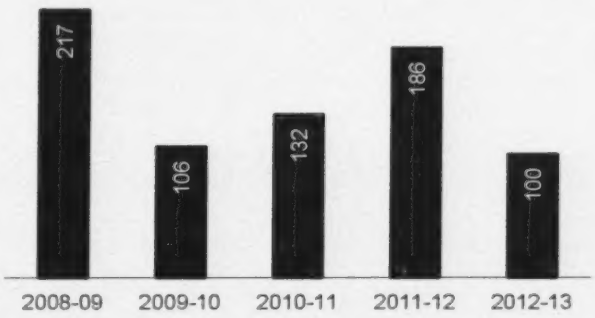
Chronic wasting disease – Chronic wasting disease was detected in three new areas of the province designated for hunting management, including upstream of the Red Deer River, east of Canadian Forces Base Suffield and south of Cypress Hills. This brings the overall total to 209 deer and one moose being detected in the wild in Alberta since surveillance started. The province's chronic wasting disease program monitors the spread and prevalence of the disease by adjusting hunting management intensity and allowing hunters the opportunity to have their hunted deer tested for signs of the disease.

Goal 2 Performance Measures

2.a Economic benefit from Alberta's Public Lands
Measures the ratio of Alberta Government resource revenue to department expenditure on managing public lands

Targets
>100:1

Figure 10
Ratio of Alberta Government resource revenue to department expenditure on managing public lands



Results Analysis
Albertans own valuable oil and gas, forestry, and agricultural resources which make economic contributions to our province in the form of taxes, royalties, jobs, and investment. The true economic benefits achieved through our resource revenues are complex and difficult to measure.

The economic benefit performance measure was created to illustrate at a basic level the fiscal benefit Albertans receive through the management of public lands. The measure is expressed by means of a ratio of department expenditure on managing public lands in relation to royalty revenues generated in Alberta.

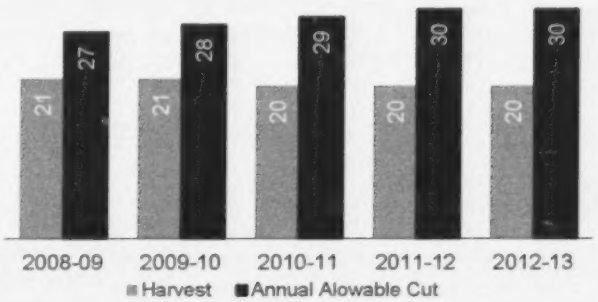
In 2012-13 every dollar the department spent on managing public lands generated a royalty return of $100 to the Government of Alberta.

Factors including shifting resource prices, provincial population growth, the global economy, and changing public priorities impact Alberta's revenues resulting in economic fluctuations. Despite fiscal challenges, this measure continues to reflect the positive economic impact from the management of public lands.

2.b Sustainable Timber Harvest
Measures annual allowable cut and harvest in million cubic metres

Target
Harvest does not exceed annual allowable cut

Figure 11
Annual allowable cut (million cubic metres)
Harvest (million cubic metres)



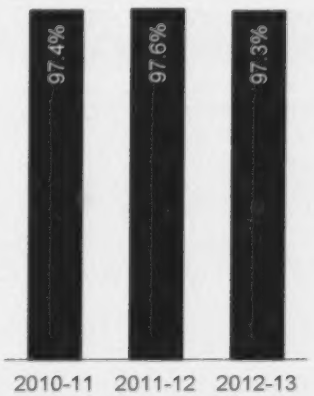
Results Analysis
The target was met and the 2012-13 results indicate the actual timber harvest (20 million cubic metres) was 10 million cubic metres below the approved annual allowable cut (30 million cubic metres). Compared to the 2011-12 results no changes were reflected in annual allowable cut or harvest levels.

Alberta is also preventing further spread of the Mountain Pine Beetle in the boreal forest by targeting harvest towards forest stands susceptible to the beetle. It is hoped that this will minimize the potential for loss to the forestry industry.

2.c Healthy Forests: Rate of Regrowth
Percentage of forest regrowth attained

Target
80%

Figure 12
Healthy Forests: Rate of Regrowth
(Percentage of forest regrowth attained)



Results Analysis
Measures the rate of forest regrowth following timber harvest to help ensure sustainability of our forest resources. Reforestation is required by law and adherence to Alberta's regeneration standards provides assurance of the continued flow of economic, social and environmental values that Albertans can expect from their forests.

For the 2010-11 to 2012-13 timber years, the per cent of forest regrowth exceeded the 80 per cent target. Forest regrowth rates have exceeded the target largely due to the effective silvicultural practices used in reforesting harvested areas. Actions such as prompt reforestation activities following harvesting and better early seedling growth resulting from more appropriate site preparation, enhances early seedling establishment and growth. Additionally, conservative re-growth rate targets have historically been assumed given poor young forest forecasting techniques. Successful forest management, and selection and application reforestation techniques have resulted in vigorously regenerating young forests.

2.d Healthy fish and wildlife – Participation

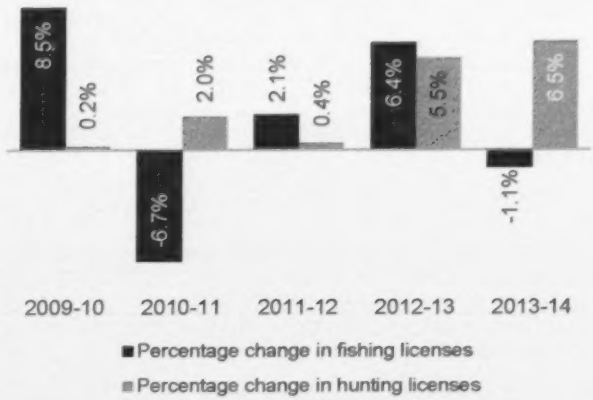
Measures the percentage change in fishing and hunting licenses in the province.

Target

≥Rolling average of last five years results

Figure 13

Healthy Fish and Wildlife: Participation (percentage change in fishing licenses and hunting licenses)



Results Analysis

Hunting and fishing activity fluctuates from year to year. These activities are strongly tied to the fairness of our Alberta weather and will increase or decrease accordingly. In 2013-14 the number of anglers decreased slightly (a one per cent decline) and the number of hunters increased (a 6.5 per cent increase).

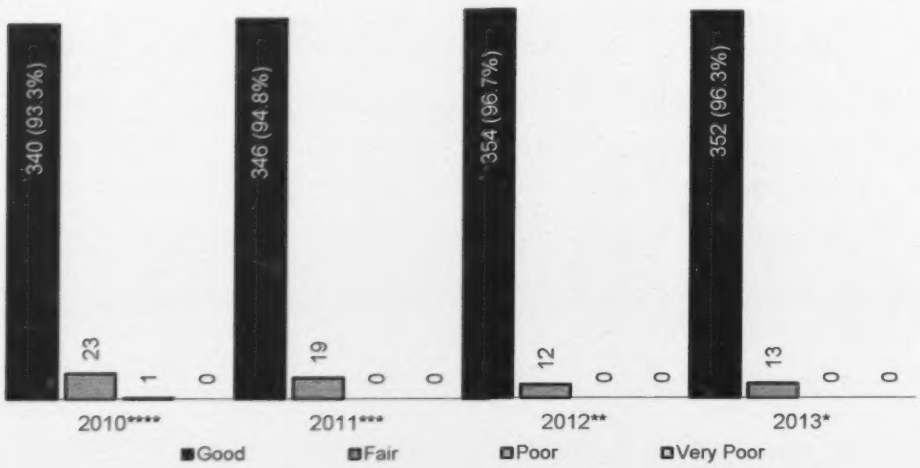
When considering the historical five year trends both hunting and fishing populations show a steady increase over time. With population migration into Alberta on the rise it is important that the ministry continues to manage our wildlife resource on the land. Proper stewardship will ensure Albertans and future generations will enjoy the benefits of recreational hunting and fishing.

Performance Measures Data Sources and Methodology

1.a Quality of Alberta's Air

This measure indicates the number of good, fair, poor and very poor air quality days. Air quality is measured based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide, and fine particulate matter – $PM_{2.5}$.

Figure 14
(number and percentage in days)



* Based on data from twelve stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray - Athabasca Valley, Fort McMurray - Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge, and Red Deer). Crescent Heights not included in 2013 due to insufficient data availability. Fort McMurray - Patricia McInnes was upgraded to the new monitoring technology and is now included.

** Based on data from ten stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Fort McMurray - Athabasca Valley, Fort Saskatchewan, Henry Pirker, and Red Deer). Edmonton South and Lethbridge not included in 2012 due to insufficient data availability. Fort McMurray - Athabasca Valley was upgraded to the new monitoring technology and is now included.

*** Based on data from eleven stations (includes Edmonton Central, Edmonton East, Edmonton South, Calgary Central, Calgary Northwest, Lethbridge, Fort Saskatchewan, Cold Lake South, Red Deer, Crescent Heights, and Henry Pirker) which operate with the new $PM_{2.5}$ monitoring technology. Calgary East station decommissioned in 2011 for relocation.

**** Based on data from ten stations (includes Edmonton Central, Edmonton East, Edmonton South, Calgary Central, Calgary East, Calgary Northwest, Lethbridge, Cold Lake South, Red Deer and Henry Pirker) which operate the new $PM_{2.5}$ Technology. Crescent Heights not included in 2010 due to insufficient data availability and Fort Saskatchewan not included in 2010 as it did not use the new $PM_{2.5}$ technology at that time.

Alberta's Air Quality Index is calculated based on a minimum of four and maximum of five major air pollutants measured hourly at a total of 13 Alberta locations. The monitoring stations are situated in urban centres with consideration given to proximity to industrial and non-industrial sources. The measurements are converted to a standard scale known as the Air Quality Index (AQI), which is calculated for each pollutant every hour. In 2013, the AQI was calculated hourly at 12 continuous monitoring stations, three in Edmonton, two each in Calgary and Fort McMurray, and one each in Cold Lake, Fort Saskatchewan, Grande Prairie, Lethbridge and Red Deer. The station in Medicine Hat experienced instrument reliability issues and did not meet the data completeness criteria. The pollutants used to calculate the AQI are carbon monoxide, fine particulate matter ($PM_{2.5}$), nitrogen dioxide, ozone and sulphur dioxide. Measurements of at least four of the five pollutants must be available to calculate the AQI, and $PM_{2.5}$ must be one of the pollutants. The pollutant that gives the highest AQI measure for each hour determines the AQI for that hour. The hourly AQI number is compared to AQI ranges that represent good (0-25), fair (26-50), poor (51-100), and very poor (>100) air quality. The total number of hours of good, fair, poor, and very poor air quality are divided by the total number of hours with an AQI value for all stations in the year which meet the completeness criteria. These fractions are then multiplied by the number of days in the year to determine the number of days in each air quality range, rounded to a whole number. The number of days of good air quality is also expressed as a percentage of the days in the year, to give the final performance measure. These categories are derived using formulas based on Alberta's Ambient Air Quality Objectives.

In agreement with the National Air Pollution Surveillance Program, Environment and Sustainable Resource Development in conjunction with the Airsheds implemented a change in the $PM_{2.5}$ monitoring instrumentation (analyzers) whereby the sample is dried rather than heated to better account for the total $PM_{2.5}$ concentration. Using previous technology, when a sample was heated some $PM_{2.5}$ was volatilized (evaporated) and the concentration of $PM_{2.5}$ was under predicted. The 2010 through 2013 results reflect the data collected from the new monitoring technology.

Source: Environment and Sustainable Resource Development, Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, Wood Buffalo Environmental Association and, Lakeland Industry and Community Association.

1.b Total Greenhouse Gas Emissions

As a signatory to the United Nations Framework Convention on Climate Change (UNFCCC), Canada is obligated to prepare and submit an annual national greenhouse gas (GHG) inventory covering anthropogenic emissions by sources and removals by sinks. Environment Canada is responsible for preparing Canada's official national inventory with input from numerous experts and scientists across Canada. The National Inventory Report (NIR) contains Canada's annual greenhouse gas emission estimates dating back to 1990. Environment and Sustainable Resource Development reports on Alberta's total emissions as reported in the National/Provincial/Territorial Tables. Canada's Inventory can be found here: /www.ec.gc.ca/ges-ghg/default.asp?lang=En&n

Source: Environment Canada

1.c Municipal Solid Waste to Landfills

This measure indicates Alberta's progress towards reducing the amount of municipal solid waste disposed in municipal landfills, as measured in kilograms of waste per capita per year. Waste from the residential sector; the industrial, commercial and institutional sector; and the construction, renovation and demolition sector collected at municipal landfills is included in this measure. The calculation is based on the kilograms of municipal solid waste sent to landfill and the population served by each reporting landfill.

The information is collected from landfills with weigh scales and is voluntarily provided. The measure is calculated using the most up to date population statistics, either Municipal Affairs' official provincial population list or Statistics Canada's Census data. Approximately 87 per cent of Alberta's population is served by reporting landfills. Estimates are used for the remaining population and are derived by multiplying the per capita disposal rate with the unmeasured population. Historical result has been revised to correct an insignificant misstatement due to a formula error.

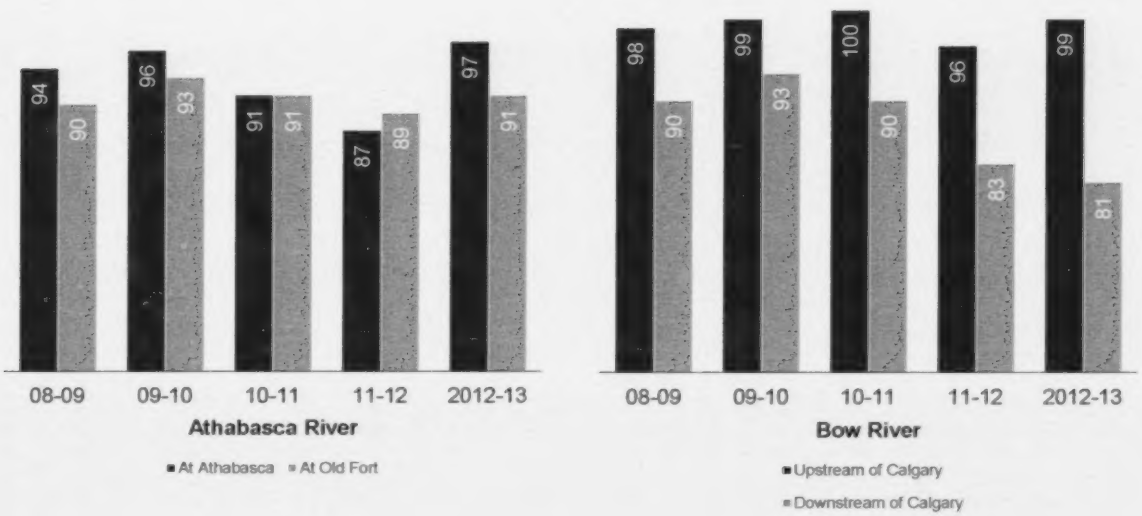
Source: Environment and Sustainable Resource Development

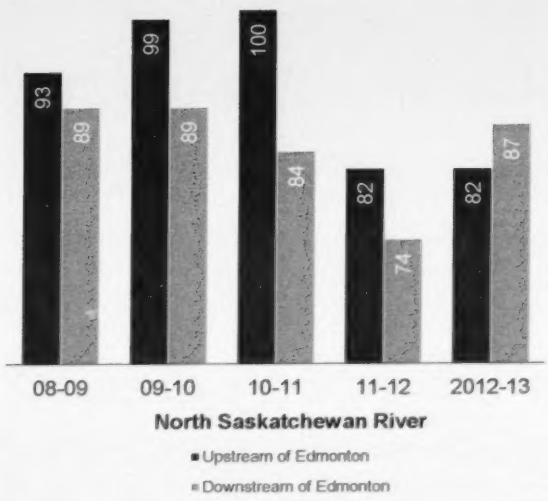
1.d River Water Quality

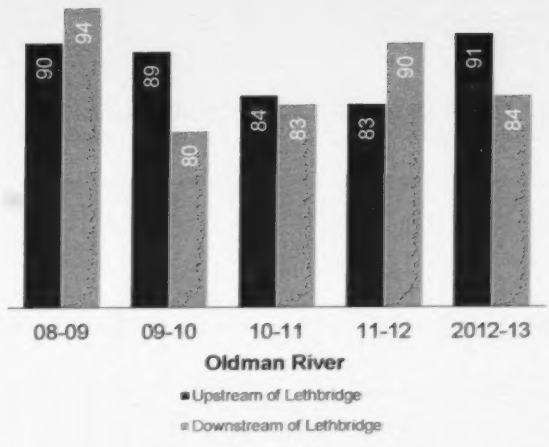
The River Water Quality measure is used to evaluate water quality in Alberta's major river systems with respect to four groups of variables – metals, bacteria, nutrients and pesticides during the fiscal year. Data from these four groups are combined to provide an indication of overall water quality. Environment and Sustainable Resource Development has chosen to report on river water quality rather than lake water quality because the effects of human activities are generally more diverse and easier to measure in rivers than in lakes. The measure can be used to show relative differences in water quality between rivers, between sites on the same river (e.g., upstream and downstream of developed areas), and over time. Such differences can highlight degradation or improvement that may have a human cause.

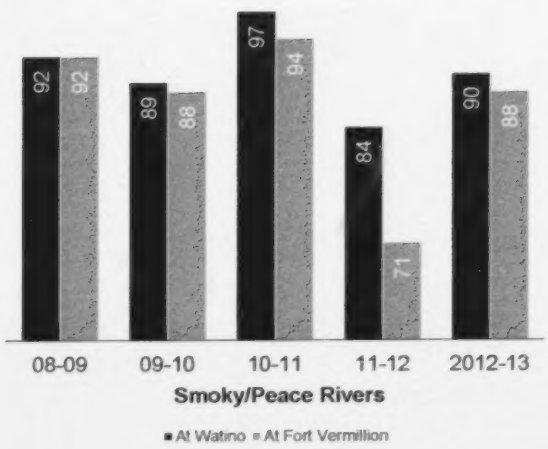
The majority of values show no trends in water quality over time. In 2012-13, water quality in provincial rivers generally was highly rated. Two out of 12 sampling sites scored a rating of excellent, while eight sites scored a rating of good, and two achieved a rating of fair.

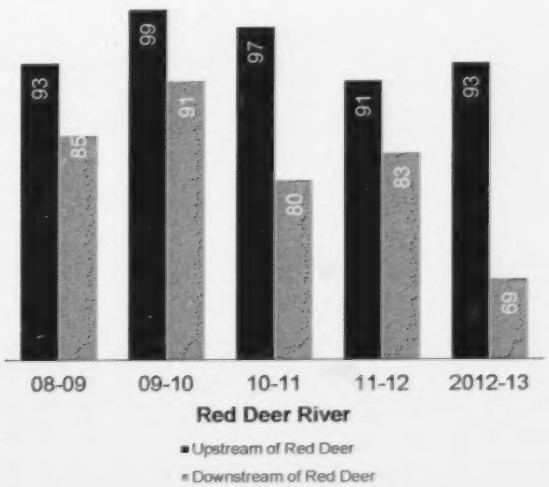
Figure 15











Note: Various natural and human factors, including flow volume, degree of development in the basin, point source effluent discharges, and non-point source runoff (e.g., from agricultural fields), can influence the measure. In July of 2012, sampling in the Red Deer River basin coincided with a precipitation event, which likely contributed to increased non-point source runoff to the River. Contaminants (bacteria, nutrients, pesticides) transported by this runoff caused an increase in the number and magnitude of water quality guideline exceedances, resulting in a lower River Water Quality rating at the downstream monitoring station.

Source: Environment and Sustainable Resource Development

Measure Guidelines

96 – 100 Almost always met; Best Quality (Excellent).

81 – 95 Occasionally exceeded, but usually by small amounts; threat to quality is minimal (Good).

66 – 80 Sometimes exceeded by moderate amounts; quality occasionally departs from desirable levels (Fair).

46 – 65 Often exceeded, sometimes by large amounts; quality is threatened, often departing from desirable levels (Marginal).

0 – 45 Almost always exceeded by large amounts; quality is significantly impaired and is well below desirable levels; Worst Quality (Poor).

Data for the river water quality measure are collected monthly at numerous monitoring locations throughout the province. These stations comprise the provincial long-term river network. Stations upstream and downstream of agricultural, industrial or municipal areas are compared to examine the overall impact of these developments on river water quality. Measure values for a subset of these stations from the province's six major river systems are used to depict changes in water quality that have occurred over the past several years.

Monthly water quality samples are collected at key locations for each of the province's six major river systems. A value is calculated for each of four variable groups for data collected between April and March, representing both a fiscal and a water year:

- metals (22 variables measured quarterly);
- nutrients (6 variables measured monthly, includes oxygen and pH);
- bacteria (2 variables measured monthly); and
- pesticides (17 variables measured four times through the summer).

Values for the four variable groups are then averaged to produce an overall measure of surface water quality that can be tracked over time. To ensure comparability of the ratings among rivers and monitoring stations, water quality variables used in the calculation must be consistent at all sites. As a result, variables that may be of particular concern in only a few specific rivers (e.g., pulp and paper chlorinated phenolics, polycyclic aromatic hydrocarbons) are not included in the calculation.

The formula used to calculate the values for each group is based on three statistical attributes of water quality, relative to desirable levels (defined by water quality guidelines, in most cases):

- Scope – the total number of water quality variables that do not meet guidelines;
- Frequency – the number of individual measurements for all variables combined that do not meet guidelines; and
- Amplitude – the amount by which measurements do not meet guidelines.

Variables in the first three groups (metals, nutrients and bacteria) are compared to guidelines listed in Surface Water Quality Guidelines for Use in Alberta. Where a number of guidelines exist for one variable, the guideline for the most sensitive use (recreation, agriculture, or the protection of aquatic life) is typically chosen. Drinking water guidelines are not considered, since surface water should not be used for drinking without first being treated. The measure calculator is periodically revised to keep current with updates to National Water Quality Guidelines.

Variables in the fourth group (pesticides) are evaluated based on whether they can be detected in a water sample. This conservative approach was adopted because some pesticides do not yet have official guidelines and, unlike metals, nutrients, and bacteria, do not occur naturally in the environment.

Source: Environment and Sustainable Resource Development

1.e Drinking Water Safety Indicator

The drinking water safety indicator measures the success of the Drinking Water Program in ensuring Albertans will continue to enjoy improving drinking water quality. Under the *Environmental Protection and Enhancement Act*, Environment and Sustainable Resource Development regulates waterworks facilities that provide drinking water to Albertans, including campgrounds and rural subdivisions that use surface water sources, as well as all waterworks in villages, towns, and cities. This indicator measures the ability of regulated facilities in delivering quality drinking water to Albertans. The indicator is comprised of three sub-measures:

Facility Design Standards (FDS)

The measure is an assessment of an approved drinking water facility's requirement against newer performance standards. These standards are revised every five to ten years. In January 2006, new performance standards were introduced and have been specified for the facilities to which they apply. The reported results indicate the number of facilities that have been constructed, maintained, or upgraded and required to meet newer requirements. Staff members at Environment and Sustainable Resource Development update these assessments throughout the year and report the results annually. The reported results indicate if continuous improvement and upgrading is occurring at the regulated facilities.

Facility Operational Requirements (FOR)

Approved drinking water facilities operate under conditions of an approval or registration issued under the *Environmental Protection and Enhancement Act*. FOR data show the percentage of facilities that comply with operational requirements that prevent water quality concerns. The measure is adjusted to account for the number of facilities inspected during the year, rather than the total number of facilities, since not every facility is inspected each year. Facilities are required to self-report non-compliance and, in addition, Environment and Sustainable Resource Development staff inspects approved facilities throughout the year and report and respond to non-compliance incidents. The compliance rate based on the total number of facilities is slightly higher.

Water Quality (WQ)

Regulated drinking water facilities must report on the quality of the treated water against specified limits. Alberta has adopted the health-related limits of the Guidelines for Canadian Drinking Water Quality published by Health Canada, and has established treatment performance requirements. Most health-related limits are a concern if the water is consumed over a long period of time (many years) while treatment performance requirements (such as disinfection) are of a more immediate concern. Intervention is needed in either case, and may range from a public health advisory to prevent consumption of the water, to a requirement to upgrade a waterworks facility.

This measure reports the percentage of facilities that did not have significant water quality issues. The percentage is based on the total number of facilities.

Source: Environment and Sustainable Resource Development

1.f Healthy Fish and Wildlife – Biodiversity

The general status rank for each wild vertebrate species (mammals, birds, amphibians, reptiles, and fish) in Alberta is based on population size, population dispersion/distribution, trend in population, trend in distribution, threats to populations, and threats to habitat. The ranks are At Risk, May be at Risk, Sensitive, Secure, Not Assessed, Exotic/Alien, Extirpated/Extinct, and Accidental/Vagrant. Every five years, these rankings are reviewed by species experts from government, industry, academia, and the general public. The performance measure is then calculated using the general status ranks for all vertebrates in the province. The analysis is limited to vertebrates because the Fish and Wildlife Policy Branch is constantly assessing the status of new, and often poorly known, taxonomic groups. In order to make long-term comparisons meaningful, only vertebrate ranks are used. The measure is calculated by taking the number of vertebrate species At Risk (i.e. those identified as Endangered or Threatened) and dividing that by the total number of vertebrate species known in the province x 100. This year, we are reporting that 3.6 per cent of vertebrate species in the province are At Risk.

Methodology for determining species at risk remains consistent (http://www.wildspecies.ca/). Taxonomy across jurisdictions remains consistent (Nature Serve -www.natureserve.org/). Working documents are created for each vertebrate taxonomic group (one page plus a rank for each species). The working documents are updated with new data from status reports/updates of on-going research. Data are stored by the Fish and Wildlife Policy Branch. Species are given a preliminary status ranking and the document is time stamped. An "At Risk" designation will highlight the fact that a species has been legally defined as either Endangered or Threatened under *Alberta's Wildlife Act*.

Source: Environment and Sustainable Resource Development

1.g Healthy Forest – Wildfire

The number of wildfires contained within the first burning period (by 10 a.m. the day following assessment) is expressed as a percentage of all wildfires that occur during the fire season (April 1 to October 31). Wildfires in the province are thoroughly tracked for detection, assessment, control, and containment logging time and resources used. The results of the performance measure indicate how quickly the ministry controls wildfires. Early detection, assessment and containment minimizes fire loss and reduces suppression costs.

Source: Environment and Sustainable Resource Development

2.a Economic Benefit from Alberta's Public Lands

Environment and Sustainable Resource Development earns revenue for the Government of Alberta by allowing industry to lease public land. The value of Alberta's economic gains from the land through harvested commodities such as timber, oil and gas is large in comparison to expenditures for managing the land. This measure attempts to capture the economic gain from commodities produced from leasing access to public lands to industrial clientele. Results from this measure will add context to the ministry's aim of sustaining Alberta's natural resources for future generations.

All the data utilized for the measure is collected from sources published within the Government of Alberta. Non-renewable resource revenue (collected from Government of Alberta Budget Fiscal Plan Tables) and lands expenses directly incurred (from the ministry's Annual Report Consolidated Statements of Operation) are collected and stated as a ratio against public lands revenue.

Source: Environment and Sustainable Resource Development, and Government of Alberta

2.b Sustainable Timber Harvest

Results reflect Alberta's ability to manage forests on Crown land in a sustainable manner. Annual Allowable Cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area. Recreation areas, wildlife reserves, and stream buffers are excluded from the AAC calculation. The AAC is determined on either an individual forest management unit basis or a specific forest management agreement area basis. Information is stored in a database and summed to determine the total provincial AAC for the province. Data from the Timber Production and Revenue System is used to determine the provincial harvest level (actual timber harvest). Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest levels if it does not contribute to the AAC. A five-year rolling average is used to report provincial AAC and actual timber harvest levels and results lag by one year.

Source: Environment and Sustainable Resource Development

2.c Healthy Forest – Rate of Regrowth

The rate of forest regrowth is the percentage of targeted regrowth achieved on harvested areas at the time of last mandated assessment. This measure ensures that reforestation continues to sustain Alberta's public forests and forest lands following industrial harvesting. Monitoring reforestation in relation to regeneration standards is an essential part of continued forest sustainability and demonstrates efforts that Environment and Sustainable Resource Development staff perform to sustain Alberta's forest resources.

The current forest regeneration assessment system utilizes detailed data and assesses sufficiency of the harvested areas' reforestation status. Two approaches are used either by assessing the measure's status relative to a fixed point-in-time standard, or by forecasting the growth rate of the reforested trees relative to the growth rate assumed for that forest type in the Forest Management Plan for the area. The regrowth rate measure reports a single metric combining both systems of assessing regeneration performance.

Source: Environment and Sustainable Resource Development

2.d Healthy Fish and Wildlife –Participation

The Resource Licensing Management System tracks licensing transactions for hunters and anglers in Alberta. These numbers are generated annually to report measure changes in the total number of outdoor recreationalists in the province. Year to year percentage change is calculated to determine trends in fishing and hunting participation.

Limitation: Youth hunters are aged 12-17 and youth anglers are aged 16-17. Participants below these age ranges as well as participants older than 65 are not counted within the licencing system.

Source: Environment and Sustainable Resource Development

Changes to Performance Measures Information

The 2013-16 business plan cycle was the first in which the ministry was able to demonstrate coordination and integration of tasks, functions and processes following the merger of the ministries of Environment and Water, and Sustainable Resource Development in 2012-13. The performance measures that best reflected the integration of the new ministry were selected to be reported on. As a result, the following performance measures are no longer reported in the annual report:

- Rangeland Sustainability
- Forest Sector Compliance
- Personal Engagement Indicator, and
- Regional Plans Completed.

Integrated Results Analysis

This fiscal year, Environment and Sustainable Resource Development focused a significant portion of its resources to support the Southern Alberta Flood Recovery. Works focused on responding to the immediate needs of citizens and ensure Alberta communities could return to business as usual. The ministry has developed and enhanced existing programs to monitor the impacts and risks of the flood.

In September 2013, the Government of Alberta formally accepted the Flat Top Complex Wildfire Review Committee report. Thirteen of the 21 recommendations were implemented; with a strong focus on working towards full implementation of the other eight recommendations.

The ministry continues to address the risk and threat of mountain pine beetle on its forests and watersheds, and recognizes the significant need for rehabilitation of beetle-killed stands.

The ministry supported projects to reduce greenhouse gas emissions through Canada ecoTrust for Clean Air and Climate Change initiatives, including clean energy research and waste-to-energy conversion. Over $14 million was spent on ecoTrust initiatives in 2013-14. Major projects included:

- $3.5 million to Millar Western Forest products Ltd. to support the Whitecourt Bio Energy Project. This project is expected to improve pulp effluent treatment and convert recovered organic waste to bioenergy to displace fossil fuel consumption.
- $2 million to Manning Diversified Forest Products to support the combined heat and power using waste wood Biomass technology.
- $5 million funding support to West Fraser Mills Ltd. Slave Lake Pulp Mill Biogas project.
- $1.5 million to SBI BioEnergy Inc. City of Edmonton to support the waste to Biodiesel technology demonstration facility.

The Climate Change and Emissions Management Fund reported $107 million in revenue during the 2013-2014 fiscal year and collected $99 million for the 2013 compliance period (based on a calendar year). The fund provides grant payments to the Climate Change and Emissions Management Corporation, an independent not-for-profit organization. This corporation invests in initiatives and projects that support developing and implementing transformative technologies that reduce greenhouse gas emissions and improve our province's ability to adapt to climate change.

The Land Stewardship Fund provided $7 million in grants to third parties for the purchase of lands to be used for conservation purposes.

The ministry has continued to work on delivering on the government's commitment to develop a world class monitoring, evaluation and reporting system for Alberta with initial focus on Alberta's oil sands.

The ministry is delivering on its commitments, while ensuring the environmental protection of air, land, water and biodiversity and sustainable development of natural resources.

Comparison of 2013-2014 Budget to 2013-2014 Actuals

The following list provides an explanation of the major program variances:

Wildfire Management
Program spending in this area was higher than the budget amount by $113 million due to costs associated with wildfire suppression. Additional supplementary estimates were approved to support the program.

Forest Management
Program spending in this area was higher than the budget amount by $41 million due to increased costs to combat Mountain Pine Beetle infestation. Additional funding of $40 million was approved through supplementary estimates.

Climate Change
Program spending was lower than budgeted by $19 million primarily because of the deferral of initiatives under Canada ecoTrust for Clean Air and Climate Change to the 2014-15 fiscal year.

Climate Change and Emissions Management
Program spending was higher than the budget amount by $47 million because of increased revenues received through contributions made by industries to meet their emission intensity limit. This resulted in subsequent increases in grant payments to the Climate Change and Emissions Management Corporation.

Approvals
Program expenditures are $9 million lower than the budget amount because of credit or recovery shortfalls. Fewer applications were received for reclamation and remediation certificates, resulting in fewer site audits being conducted. In addition, funding was reallocated to support Information and Knowledge Management initiatives to develop monitoring, evaluating and reporting systems that engage stakeholders and provide transparency and integration with stakeholders.

Land Disposition
Program expenditures are $6 million higher than the budget amount due to increased grant payments under the Land Trust Grant program.

Environmental Monitoring
Program expenditures are $26 million lower due to a decrease in credit recovery for the Joint Canada Alberta Oil Sands monitoring plan. Funds for this program were paid directly from industry to the monitoring program.

2013 Alberta Flood
Community Stabilization program received a supplementary estimate of $176 million as part of the Alberta Flood Recovery Initiatives. Budget amounts not spent are deferred to the next fiscal year.

Comparison of 2013-2014 Actuals to 2012-2013 Actuals

The following list provides an explanation of the major program variances:

Ministry Support Services
Program spending in 2013-14 is $9 million higher due to upgrades and maintenance of information management systems and Windows 7 migration.

Wildfire Management
Program spending in 2013-14 is $130 million lower due to a decrease in wildfire activity from 2012-13.

Climate Change
Program spending in 2013-2014 is $13 million lower than 2012-13 due to deferral of activities under Canada ecoTrust for Clean Air and Climate Change to future years.

Climate Change and Emissions Management
Program spending in 2013-14 is $13 million higher than in 2012-13 due to increased revenues received through contributions made by industries to meet their emission intensity limit; and subsequent increases in grant payments to the Climate Change and Emissions Management Corporation.

Public Land Management
Program spending in 2013-14 is $13 million lower as 2012-13 included a legal settlement payment.

Land Disposition
Program spending in 2013-14 is $10 million lower than in 2012-13 due to decreased grant payments under the Land Trust Grant program.

Environmental Monitoring
Program spending in 2013-14 is $10 million higher than in 2012-13 to implement the Joint Canada and Alberta Oil Sands Monitoring Plan and further develop a world class monitoring system for Alberta.

2013 Alberta Flood
The variance of $174 million is due to capital spending related to the flood recovery initiatives for 2013-14.

Financial Information

Annual Report
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Ministry of Environment and Sustainable Resource Development

Consolidated Financial Statements

Year Ended March 31, 2014

Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Environment and Sustainable Resource Development, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Environment and Sustainable Resource Development as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 10, 2014

Edmonton, Alberta

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31, 2014

	2014		2013
	Constructed Budget (Schedule 4)	Actual	Actual (Note 13)
		(in thousands)	
Revenues (Schedule 1)			
Federal and Other Government Grants	$ 66,607	$ 27,982	$ 57,045
Premiums, Fees and Licences	117,892	145,484	131,332
Investment Income	1,544	2,495	2,156
Climate Change and Emissions Management Fund	60,000	106,219	93,734
Other Revenue	69,119	48,222	53,475
	315,162	330,402	337,742
Expenses - Directly Incurred (Notes 2(b) and Schedule 6)			
Program (Schedule 3)			
Ministry Support Services	53,778	65,046	56,394
Forestry			
Wildfire Management	118,390	231,182	361,252
Forest Management	23,633	64,510	61,374
Forest Industry Development	4,218	5,800	4,540
Policy			
Air, Land and Waste Policy	5,710	8,587	7,554
Climate Change	36,243	16,815	30,275
Clean Energy	7,424	2,157	4,289
Policy Innovation	1,597	1,903	1,465
Water Policy	8,776	5,359	5,236
Climate Change and Emissions Management	60,000	106,771	94,036
Operations			
Resource Management	18,731	15,554	15,248
Approvals	25,326	16,735	18,525
Compliance and Enforcement	12,395	12,059	12,042
Water Operations	42,096	42,925	41,584
Emergency Response	1,408	1,466	1,791
Lands			
Public Land Management	32,914	28,494	41,796
Rangeland Management	10,261	9,818	10,560
Land Disposition	8,421	14,521	24,114
Land Use Secretariat	8,082	5,989	6,892
Fish & Wildlife			
Fisheries Management	10,760	10,698	11,173
Wildlife Management	26,996	24,069	27,462
Science and Monitoring			
Environmental Science	18,783	16,178	18,853
Environmental Monitoring	51,272	24,965	14,621
Strategy			
Water and Air Partners	5,346	11,400	10,958
Strategy and Analysis	3,904	3,240	3,299
Regional Cumulative Effects Management	3,058	2,971	2,822
Quasi-Judicial Bodies			
Natural Resources Conservation Board	6,478	5,930	6,083
Surface Rights Board	3,014	3,835	3,193
Environmental Appeals Board	1,240	1,038	1,166
2013 Alberta Flooding			
Flood Hazard Mapping	-	592	-
Community Stabilization	-	174,424	-
Reclamation and Emergency Preparedness	2,174	1,546	904
	612,428	936,577	899,501
Net Operating Results	$ (297,266)	$ (606,175)	$ (561,759)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2014

	2014	2013
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 2b)	$ 350,163	$ 321,742
Accounts Receivable (Note 4)	92,911	104,674
Prepayment of Settlement (Note 5)	9,783	10,754
Inventories	4,798	4,297
Tangible Capital Assets (Note 6)	1,156,225	1,162,795
	$ 1,613,880	$ 1,604,262
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	$ 374,922	$ 233,814
Deferred Revenue (Note 8)	95,493	99,269
	$ 470,415	$ 333,083
Net Assets		
Net Assets at Beginning of Year	1,271,179	1,179,255
Less: Adjustment to Opening Net Assets	-	(4,730)
Net Operating Results	(606,175)	(561,759)
Net Financing Provided from General Revenues	478,461	658,413
Net Assets at End of Year	1,143,465	1,271,179
	$ 1,613,880	$ 1,604,262

Contingent Liabilities and Contractual Obligations (Notes 9 and 10)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2014

	2014	2013 (Note 13)
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (606,175)	$ (561,759)
Non-cash Items Included in Net Operating Results		
Amortization	33,635	29,033
Deferred Capital Contribution recognized as Revenue	(1,439)	(348)
Unearned Revenue recognized as Revenue	(68,041)	(47,794)
Consumption of Inventory	736	844
Loss on Disposal of Tangible Capital Assets	2,557	175
	(638,727)	(579,849)
Decrease (Increase) in Accounts Receivable	11,762	(59,010)
Decrease in Prepayments of Settlement	971	1,004
Increase in Inventories	(1,237)	(566)
Increase in Accounts Payable and Accrued Liabilities	141,107	80,337
Unearned Revenue received/receivable	65,705	29,403
Cash Applied to Operating Transactions	(420,419)	(528,681)
Capital Transactions		
Acquisition of Tangible Capital Assets [1]	(18,784)	(40,146)
Proceeds on Disposal/Sale of Tangible Capital Assets	-	9
Transfer of Tangible Capital Assets to Other Government Entities [2]	1,047	264
Transfer of Tangible Capital Assets from Other Government Entities [2]	(11,884)	(25,905)
Cash Applied to Capital Transactions	(29,621)	(65,778)
Financing Transactions		
Net Financing Provided from General Revenues	478,461	658,413
Cash Provided by Financing Transactions	478,461	658,413
Increase in Cash and Cash Equivalents	28,421	63,954
Cash and Cash Equivalents at Beginning of Year	321,742	257,788
Cash and Cash Equivalents at End of Year	$ 350,163	$ 321,742

[1] Includes non-cash tangible capital asset donation in the amount of $57.

[2] Includes non-cash tangible capital asset transfers between two ministries.

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Environment and Sustainable Resource Development (the Ministry) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Ministry also operates under the authority of the following acts:

Organization	Authority
Department of Environment and Sustainable Resource Development	*Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairies Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act*
Environmental Protection and Enhancement Fund	*Environmental Protection and Enhancement Act*
Climate Change and Emissions Management Fund	*Climate Change and Emissions Management Act*
Land Stewardship Fund	*Public Lands Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The ministry consists of the Department of Environment and Sustainable Resource Development, the Climate Change and Emissions Management Fund, the Environmental Protection and Enhancement Fund, and the Land Stewardship Fund. Funding is also provided for the following quasi-judicial boards which are accountable to the Minister: the Environmental Appeals Board, the Natural Resources Conservation Board, the Surface Rights Board, and the Land Compensation Board.

The Ministry of Environment and Sustainable Resource Development's mission is to lead the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans, as proud stewards of air, land, water and biodiversity. The ministry accomplishes its mission through management, science and stewardship practices, working closely with Albertans and representatives of communities, other governments and industry. The work takes the ministry into conversation across jurisdictions, including international, national, provincial, regional and local parties.

The ministry's core business is leading and enabling the achievement of desired environmental outcomes and natural resource sustainable development to provide economic and environmental benefits and to enrich Albertans' quality of life. The ministry is part of the resource management system in the province, with a focus on public lands, forests, fish and wildlife, air quality, water, waste, environmental emergencies, land reclamation and climate change. The ministry is responsible for overseeing the development, implementation, review and amendment of regional plans under the Land-use Framework. The ministry develops and implements strategies, policies, plans, and legislation to manage the cumulative effects of human activity and achieve Albertans' desired future. In delivering its core business, the Ministry of Environment and Sustainable Resource Development commits to Albertans that decisions are informed, responsible and accountable and respect the right mix of opportunities and benefits to achieve desired outcomes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Ministry of Environment and Sustainable Resource Development, for which the Minister of Environment and Sustainable Resource Development is accountable. These financial statements include activities of the Department of Environment and Sustainable Resource Development, the Environmental Protection and Enhancement Fund, the Natural Resources Conservation Board, the Climate Change and Emissions Management Fund and the Land Stewardship Fund. The financial statements of the Department of Environment and Sustainable Resource Development include the activities of the Surface Rights Board, Environmental Appeals Board and the Land Compensation Board.

All ministries of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of ministries are deposited into the Fund and all cash disbursements made by ministries are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the ministry's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the ministry is eligible to receive the funds.

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual Credit or Recovery amounts exceed budget, the ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the ministry's Credit or Recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of the employer contributions for current service of employees during the year,
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities, and
- grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Incurred by Others

Services contributed by other entities in support of the ministry operations are not recognized and are disclosed in Schedule 5 and allocated to programs in Schedule 6.

Cash and Cash Equivalents

The Consolidated Cash Investment Trust Fund (Fund) is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2014, securities held by the Fund have a time-weighted return of 1.2% per annum (2013: 1.3% per annum).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included.

Tangible capital assets of the ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net Assets/Net Liabilities represent the difference between the carrying value of assets held by the ministry and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

Measurement Uncertainty *(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Royalties and Disturbance fees

Royalties and disturbance fees on dispositions, recorded as $1,610 in these financial statements, are subject to measurement uncertainty.

Some revenues are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. The ministry is in the process of enhancing systems and methods to validate amounts reported and ensure completeness of revenues. Regardless of system enhancements, procedures cannot identify all sources of unreported income from self-assessed revenues. The ministry does not estimate the amount of unreported royalties or disposition fees.

Climate Change and Emissions Management Fund

The preparation of these financial statements requires management to make estimates and assumption that affect the amounts of assets, liabilities, revenues and expenses reported.

The revenues from Facility Purchases of Fund Units and accounts receivable in these financial statements are subject to measurement uncertainty because methodologies including estimation techniques and emission factors are used in emissions measurement.

Revenues not yet assessed by management and the related accounts receivable are recorded based on cash received from facilities.

Revenues and accounts receivable also include an estimate of $25,546 for the period January 1 to March 31, 2014 (2013 - $21,512). Management estimated this amount as 25 per cent of revenues for the 2013 compliance period plus adjustments. Actual results could vary by a material amount.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Provision for Doubtful Accounts

The provision for doubtful accounts, expensed as $41 in these financial statements, is based on the assumption that:

- 5% of the accounts receivable between 32 and 90 days
- 50% of the accounts receivable between 91 and 365 days, and
- 100% of the accounts receivable over 365 days

at March 31, 2014 will not be collected.

(c) Future Accounting Changes

PS 3260- Liability for Contaminated Sites
In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The entity would recognize a liability related to the remediation of such contaminated site subject to certain recognition criteria. Management is currently assessing the impact of these standards on the financial statements.

PS 3450- Financial Instruments
In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 GOVERNMENT REORGANIZATION

(in thousands)

As of November 30, 2013, the Ministry of Environment and Sustainable Resource Development (ESRD) has transferred responsibility of upstream oil, oil sands, natural gas and coal development in Alberta to the Alberta Energy Regulator (AER), proclaimed under the Responsible Energy Development Act (REDA).

Therefore, administration of the regulatory function in response to energy resource activities was transferred to AER from ESRD. This included the following:

Unearned Revenue in the amount of $1,197 (Note 8), and Trust funds under administration and bank guarantees as indicated below.

	Trust Funds Under Administration	Bank Guarantees *
Geophysical General Trust	$ 3,634	$ 4,661
Miscellaneous General Trust (Lands)	2,620	-
Environmental Protection Security Fund	22,767	1,387,849
	$ 29,021	$ 1,392,510

* Includes letters of credit and promissory notes.

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and interest bearing at various rates.

	2014			2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value (Note 13)
Accounts Receivable	$ 63,055	$ (1,943)	$ 61,112	$ 40,155
Climate Change and Emissions Management Fund	31,799	-	31,799	64,519
	$ 94,854	$ (1,943)	$ 92,911	$ 104,674

NOTE 5 PREPAYMENT OF SETTLEMENT

(in thousands)

The amount of $9,783 (2013 - $10,754) includes a prepayment for future access rights under the Bassano Dam settlement agreement with the Siksika Nation. The prepaid access rights will be expensed annually over the next 11 years as follows: $1,537 for the next year and $1,025 annually for the remaining 10 years.

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land[1]	Buildings	Equipment[2]	Computer Hardware and Software	Land Improvements	Highways and Roads	Dam & Water Management Structures[3]	Other[4]	Total
Estimated Useful Life	Indefinite	10-40 years	3–15 years	5–10 years	5-40 years	20-50 years	20-80 years	5–24 years	
Historical Costs[5]									
Beginning of year	$ 130,221	$ 61,093	$ 82,913	$ 54,710	$ 67,353	$ 38,772	$ 1,214,128	$ 72,222	$1,721,412
Additions	444	1,157	1,743	2,845	16	7	-	12,572	18,784
Disposals, including write-downs	(42)	(32)	(427)	(2,641)	-	-	-	-	(3,142)
Transfer In	2,174	-	-	-	-	-	9,710	-	11,884
Transfer Out	(100)	(914)	(21)	(12)	-	-	-	-	(1,047)
Asset Reclassification In (Out)	404	(1,471)	(5,974)	835	(6,206)	6,130	(43)	6,325	-
	$ 133,101	$ 59,833	$ 78,234	$ 55,737	$ 61,163	$ 44,909	$ 1,223,795	$ 91,119	$ 1,747,891
Accumulated Amortization									
Beginning of year	$ -	$ 19,818	$ 42,252	$ 37,495	$ 45,096	$ 10,617	$ 383,592	$ 19,747	$ 558,617
Amortization expense	-	1,366	4,881	3,388	1,162	1,999	18,500	2,339	33,635
Effect of disposals	-	(167)	(312)	(107)	-	-	-	-	(586)
	$ -	$ 21,017	$ 46,821	$ 40,776	$ 46,258	$ 12,616	$ 402,092	$ 22,086	$ 591,666
Net Book Value at March 31, 2014	$ 133,101	$ 38,816	$ 31,413	$ 14,961	$ 14,905	$ 32,293	$ 821,703	$ 69,033	$ 1,156,225
Net Book Value at March 31, 2013	$ 130,221	$ 41,275	$ 40,661	$ 17,215	$ 22,257	$ 28,155	$ 830,536	$ 52,475	$ 1,162,795

(1) Land includes land acquired for building sites, infrastructure and other program use.

(2) Equipment includes office, laboratory, heavy mobile and forest protection equipment, vehicles and furniture.

(3) Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Ministry of Transportation and transferred to the Ministry of Environment and Sustainable Resource Development upon their completion.

(4) Other consists of aircraft and aircraft engines.

(5) Historical costs includes work-in-progress at March 31, 2014 totalling $31,735 (2013 - $100,805) comprised of: buildings $3,726 (2013 - $11,654); equipment $6,897 (2013 - $15,997); computer hardware and software $7,100 (2013 - $9,923); land improvements $1,248 (2013 - $16,276); dam improvements $9,710 (2013 - $25,602), other $2,814 (2013 - $21,353); and land $269 (2013 - $0). Historical costs also include asset classification changes.

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2014	2013
Accrued liabilities	$ 335,531	$ 178,070
Accounts payable general	13,379	29,509
Site Remediation and Reclamation Obligations	1,180	1,251
Vacation pay	24,832	24,984
	$ 374,922	$ 233,814

NOTE 8 DEFERRED REVENUE

(in thousands)

	2014	2013
Unearned revenue (i)	$ 81,640	$ 83,977
Spent deferred capital contributions (ii)	13,853	15,292
	$ 95,493	$ 99,269

(i) Unearned revenue

	2014			2013
	Federal government	Non-government	Total	Total
Balance, beginning of year	$ 35,651	$ 48,326	$83,977	$113,279
Received/receivable during year	10	66,891	66,901	18,492
Less amounts recognized as revenue	(15,455)	(52,586)	(68,041)	(47,794)
Transfer to Alberta Energy Regulator (AER)	-	(1,197)	(1,197)	-
Balance, end of year	$ 20,206	$ 61,434	$81,640	$ 83,977

(ii) Spent deferred capital contributions

	2014			2013
	Federal government	Non-government	Total	Total
Balance, beginning of year	$ 4,382	$ 10,910	$15,292	$ 4,730
Transferred capital assets	-	-	-	10,910
Less amounts recognized as revenue	(348)	(1,091)	(1,439)	(348)
Balance, end of year	$ 4,034	$ 9,819	$13,853	$15,292

NOTE 9 CONTINGENT LIABILITIES

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2014 the estimated liability for these claims is nil (2013: nil). The total amount claimed for all likely claims is $450 (2013: $450). Settlement of these claims will be made through the Alberta Risk Management Fund (ARMF).

The ministry has been named in 27 (2013: 14) claims of which the outcome is not determinable. Of these claims, 22 (2013: 12) have specified amounts totalling $822,572 (2013: $808,967). The remaining five (2013: two) claims have no amounts specified. Included in the total claims, seven claims totalling $782,788 (2013: seven claims totalling $782,508) are covered in whole or in part by the ARMF. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

The Ministry is actively involved in various legal claims to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

NOTE 10 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2014	2013
Service contracts	$ 137,402	$ 89,583
Long-term leases	2,657	3,039
Grants		
Canada ecoTrust for Clean Air and Climate Change	18,350	32,350
Various Other Programs	-	150
	$ 158,409	$ 125,122

NOTE 10 CONTRACTUAL OBLIGATIONS (cont'd)

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts	Long-Term Leases	Grants	Total
2014-15	$ 66,330	$ 638	$ 18,350	$ 85,318
2015-16	23,734	505	-	24,239
2016-17	16,892	231	-	17,123
2017-18	7,470	172	-	7,642
2018-19	7,523	172	-	7,695
Thereafter	15,453	939	-	16,392
	$ 137,402	$ 2,657	$ 18,350	$ 158,409

The obligation to pay grants out of the Climate Change and Emissions Management Fund to the Climate Change and Emissions Management Corporation exists until September 2014. The annual grant amount is subject to ministerial approval. The revenues from Facility Purchases of Fund Units for the calendar year compliance period are adjusted for accumulated interest, changes to amounts assessed and the cost of verification initiated by management.

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the ministry's financial statements.

At March 31, 2014 trust funds under administration were as follows:

	2014	2013 (Note 3)
Geophysical General Trust	$ -	$ 3,634
Miscellaneous General Trust (Lands)	28,479	26,158
Performance Deposit Trust	2,191	1,454
Forests Act Securities General Trust	1,902	1,733
Environmental Protection Security Fund	17,045	27,003
	$ 49,617	$ 59,982

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION (cont)

(in thousands)

In addition to the above trust funds under administration, the ministry holds bank guarantees in the form of letters of credit and promissory notes as follows:

	2014	2013 (Note 3)
Miscellaneous General Trust (Lands)	$ 24,815	$ 23,776
Performance Deposit Trust	4,110	3,674
Forests Act Securities General Trust	1,158	3,020
Environmental Protection Security Fund	178,197	1,326,472
	$ 208,280	$ 1,326,472

NOTE 12 BENEFIT PLANS

(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $26,071 for the year ended March 31, 2014 (2013 - $24,306). Ministries are not responsible for future funding of the plan deficit other than through contributions increases.

At December 31, 2013, the Management Employees Pension Plan reported a surplus of $50,457 (2012 – deficiency of $303,423), the Public Service Pension Plan reported a deficiency of $1,254,678 (2012 deficiency - $1,645,141) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $12,384 (2012 – deficiency $51,870).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2014, the Bargaining Unit Plan reported an actuarial surplus of $75,200 (2013 – surplus $51,717) and the Management, Opted Out and Excluded Plan an actuarial surplus of $24,055 (2013 – surplus of $18,327). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 13 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 1**

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

REVENUES

Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual (Note 13)
		(in thousands)	
Transfers from Government of Canada			
Softwood Lumber Agreement*	$ 26,494	$ 5,806	$ 20,512
Canada ecoTrust for Clean Air and Climate Change	35,548	15,449	28,626
Air Quality Health Index	-	168	200
Other	4,565	6,559	7,707
	66,607	27,982	57,045
Investment Income	1,544	2,495	2,156
Premiums, Fees and Licences			
Timber Royalties and Fees	36,700	61,201	46,248
Land and Grazing	67,654	73,378	74,804
Other	13,538	10,905	10,280
	117,892	145,484	131,332
Other Revenue			
Land Sales	5,000	5,338	23,075
Climate Change and Emissions Management Fund	60,000	106,219	93,734
Refund of Expenditures	-	2,716	3,998
Water Resources	2,900	3,933	2,037
Joint Oil Sands Monitoring	50,000	22,141	13,224
Other	11,219	14,094	11,141
	129,119	154,441	147,209
Total Revenues	$ 315,162	$ 330,402	$ 337,742

*The Softwood Lumber Agreement, 2006 requires the Minister of Natural Resources of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon the *Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of US$355 the export tax rate is 0 per cent. As the CFLPI falls below US$355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs. (Note: Not in thousands)

The ministry received $5.8 million for the nine month period ended December 31, 2013 ($20.5 million for the nine month period ended December 31, 2012) and there are no accruals for the three month period ended March 31, 2014 (no accruals for the three month period ended March 31, 2013). The amount of the transfer received for the three month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 2**

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

CREDIT OR RECOVERY

Year ended March 31, 2014

	2014				
	Authorized [2]	Actual Revenue Recognized	Deferred Revenue	Actual Cash/ Donation Received/ Receivable	(Shortfall) /Excess
		(in thousands)			
Federal Government Forestry Programs	$ 50	$ -	$ -	$ -	$ (50)
Bow Habitat Station	90	149	-	149	59
Forestry Youth Programs	685	220	-	220	(465)
Water Management Infrastructure	2,900	3,399	421	3,820	920
Hinton Training Centre	498	175	-	175	(323)
Alberta Tree Improvement Centre	530	127	-	127	(403)
Reclamation/Remediation Certificates	2,600	896	-	896	(1,704)
Air Quality Health Index	150	168	-	168	18
Forest Reforestation	160	65	-	65	(95)
Spatial Data Warehouse	3,450	2,084	372	2,456	(994)
Mountain Pine Beetle Control Funding - Province of Saskatchewan	1,100	1,100	-	1,100	-
Fish and Wildlife	7,275	7,531	148	7,679	404
Joint Oil Sands Monitoring	24,700	22,141	-	22,141	(2,559)
	$ 44,188	$ 38,055	$ 941	$ 38,996	$ (5,192) [1]

[1] Shortfall is deducted from current year's authorized budget.

[2] The authorized budget for credits or recovery includes Adjustments to the budget. Treasury Board approval is pursuant to Section 24 (2) of the *Financial Administration Act*. Only expenditures are authorized.

Federal Government Forestry Programs – Revenue is collected through agreements with the Government of Canada to fund various forestry programs such as the country-wide framework for synthesizing data and reporting on the status of Canadian forests, as well as conducting risk analysis impacts of national significance.

Bow Habitat Station – Revenues are from admissions, concessions, programs, special events, rentals, membership and donations which are used to offset the visitor centre's operating expenses.

Forestry Youth Programs – Forestry Youth Employment Initiatives are delivered by the Department in partnership with industry, communities, and other government departments to promote career opportunities for youth related to forestry and other natural resource fields.

Water Management Infrastructure credit of recovery initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the Government of Alberta.

Hinton Training Centre initiative was established for the purpose of collecting revenue for room and board, for classroom utilization, and the sale of interactive fire compact discs for national and international studies.

Alberta Tree Improvement Centre initiative accounts for the scientific work, resource conservation, and technology transfer related to regional forest improvement in the Peace Region.

Reclamation Certificates credit or recovery initiative refers to the costs of conducting audits at sites that are certified under the upstream oil and gas reclamation program. Revenues are received through a reclamation certificate application fee.

Remediation Certificate credit of recovery initiative refers to the costs of conducting site audits that are certified under Environment and Sustainable Resource Development's new Remediation Certificate Regulation. Revenues are received through a remediation site certificate application fee.

Air Quality Health Index credit or recovery initiative refers to the communication efforts that support the implementation of the national Air Quality Health Index in the province. Revenue is collected through an agreement with Health Canada as part of the federal Air Quality Health Index National Outreach Strategy.

Forest Reforestation – The program is designed to assist forest companies to adopt the new Alternate Regeneration Survey (ARS) standards and survey protocols by facilitating the process of photo acquisition to ensure aerial photo standardization.

Spatial Data Warehouse initiative was established for updating and distributing provincial base maps, including cadastral, disposition, and topographic mapping. Revenue for this initiative is from filing fees for cadastral and disposition mapping collected at the time of registration, revenue sharing with Spatial Data Warehouse Ltd., provincial base map sales, and partnership funding for topographic map updating.

Mountain Pine Beetle – The Government of Saskatchewan has provided funding to assist with mountain pine beetle control for fiscal year 2013-14.

Fish and Wildlife initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationships with other stakeholders.

Joint Oil Sands Monitoring – a Joint implementation Plan developed by the Governments of Alberta and Canada to build and enhance the current monitoring program in the oil sands area. Revenue will be collected from industry, to be disbursed to those parties who are currently delivering monitoring services within the area.

Note: The credits or recoveries presented in this schedule are included in the ministry's Statement of Operations.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 3**

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual
	(in thousands)		
Salaries, Wages and Employee Benefits	$ 254,927	$ 282,729	$ 285,371
Supplies and Services	171,019	286,563	404,080
Supplies and Services from Support Service Arrangements with Related Parties [1]	797	744	755
Grants	145,635	330,625	177,778
Financial Transactions and Other	1,498	1,544	1,640
Consumption of Inventory	1,310	736	844
Amortization of Tangible Capital Assets	37,242	33,636	29,033
	$ 612,428	$ 936,577	$ 899,501

[1] The ministry receives financial and administrative services from the Ministry of Energy.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 4**

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

BUDGET RECONCILIATION

Year ended March 31, 2014

	2013-14 Estimate [1]	Adjustments to Conform to Accounting Policy [2]	2013-14 Constructed Budget
		(in thousands)	
Revenues			
Transfers from Government of Canada	$ 30,711	$ 35,896	$ 66,607
Premiums, Fees and Licences	117,892	-	117,892
Investment Income	1,544	-	1,544
Climate Change and Emissions Management Fund	-	60,000	60,000
Other Revenue	63,028	6,091	69,119
	213,175	101,987	315,162
Expenses - Directly Incurred			
Programs			
Ministry Support Services	53,778	-	53,778
Forestry			
Wildfire Management	118,390	-	118,390
Forest Management	23,633	-	23,633
Forest Industry Development	4,218	-	4,218
Policy			
Air, Land and Waste Policy	5,710	-	5,710
Climate Change	695	35,548	36,243
Clean Energy	7,424	-	7,424
Policy Innovation	1,597	-	1,597
Water Policy	8,776	-	8,776
Climate Change and Emissions Management	-	60,000	60,000
Operations			
Resource Management	18,731	-	18,731
Approvals	25,326	-	25,326
Compliance and Enforcement	12,395	-	12,395
Water Operations	42,096	-	42,096
Emergency Response	1,408	-	1,408
Lands			
Public Land Management	32,914	-	32,914
Rangeland Management	10,261	-	10,261
Land Disposition	8,421	-	8,421
Land Use Secretariat	8,082	-	8,082
Fish and Wildlife			
Fisheries Management	10,760	-	10,760
Wildlife Management	26,996	-	26,996

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 4**

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS **(cont)**

BUDGET RECONCILIATION

Year ended March 31, 2014

	2013-14 Estimate [1]	Adjustments to Conform to Accounting Policy [2]	2013-14 Constructed Budget
Science and Monitoring			
Environmental Science	18,783	-	18,783
Environmental Monitoring	51,272	-	51,272
Strategy			
Water and Air Partners	5,346	-	5,346
Strategy and Analysis	3,904	-	3,904
Regional Cumulative Effects Management	3,058	-	3,058
Quasi-Judicial Bodies			
Natural Resources Conservation Board	6,478	-	6,478
Surface Rights and Land Compensation Boards	3,014	-	3,014
Environmental Appeal Board	1,240	-	1,240
Reclamation and Emergency Preparedness	2,174	-	2,174
	516,880	95,548	612,428
Net Operating Results	$ (303,705)	$ 6,439	$ (297,266)
Capital Spending	$ 125,933	$ (95,548)	$ 30,385
Financial Transactions	$ 1,410	$ -	$ 1,410

(1) The 2013-14 Government Estimates on the Statement of Operations does not differentiate between amounts not required to be voted and voted expenses. Valuation adjustments are allocated to each program.

(2) Accounting Adjustments are in accordance with PS 1200.125 and include:

I. Adjustment for Revenues:
   i. Deferred Capital Contribution recognized as revenue,
   ii. Capital revenues (i.e. Transfer from government of Canada, premiums, fees, licenses, other, etc.) shown under "Capital Revenue" in the 2013-14 Government Estimates;

II. Adjustments for Expenses:
   i. Operating expense included in Capital Spending (e.g. debt services costs, capital grants).

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 5**

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

Year ended March 31, 2014

(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the ministry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The ministry had the following transactions with related parties recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2014	2013
Revenues		
Fees and Charges	$ 362	$ 46
	$ 362	$ 46
Expenses - Directly Incurred		
Grants	$ 996	$ 1,111
Other Services	11,204	8,862
Interest	-	376
	$ 12,200	$ 10,349
Receivable from	$ 237	$ -
Payable To	$ 564	$ 18,639
Contractual Obligations	$ 50	$ 83

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 6.

	Other Entities	
	2014	2013
Expenses - Incurred by Others		
Accommodation	$ 52,686	$ 54,692
Administration Costs	10,726	9,914
Air Transportation	83	447
Legal	5,590	4,899
Water Management Infrastructure Maintenance	4,721	4,947
	$ 73,806	$ 74,899

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 6**

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

ALLOCATED COSTS

Year ended March 31, 2014

(in thousands)

	2014							2013
	Expenses - Incurred by Others							(Note 13)
Program	Expenses [1]	Accomodation Costs [2]	Administration Costs [3]	Air Trans-portation [4]	Legal Services [5]	Water Management Infrastructure Maintenance	Total Expenses	Total Expenses
Ministry Support Services	$ 65,046	$ 7,696	$ 915	$ -	$ 996	$ -	$ 74,653	$ 68,280
Forestry								
Wildfire Management	231,182	12,285	4,869	48	254	-	248,638	376,354
Forest Management	64,510	3,351	908	-	69	-	68,838	66,468
Forest Industry Development	5,800	325	82	-	7	-	6,214	4,963
Policy								
Air, Land and Waste Policy	8,587	548	121	7	45	-	9,308	8,569
Climate Change	16,815	426	237	-	35	-	17,513	30,864
Clean Energy	2,157	264	30	-	21	-	2,472	5,017
Policy Innovation	1,903	731	27	-	59	-	2,720	1,729
Water Policy	5,359	528	75	-	43	-	6,005	5,864
Climate Change and Emissions Management Fund	106,771	-	-	-	-	-	106,771	94,036
Operations								
Resource Management	15,554	3,696	219	4	681	-	20,154	17,830
Approvals	16,735	1,442	236	-	266	-	18,679	22,403
Compliance and Enforcement	12,059	1,564	170	-	288	-	14,081	14,722
Water Operations	42,925	2,396	604	-	441	4,721	51,087	49,487
Emergency Response	1,466	162	21	-	30	-	1,679	2,031
Lands								
Public Land Management	28,494	4,650	401	-	1,060	-	34,605	48,045
Rangeland Management	9,818	2,051	138	-	468	-	12,475	12,727
Land Dispositions	14,521	1,767	205	-	403	-	16,896	26,244
Land Use Secretariat	5,989	366	84	5	119	-	6,563	7,270

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

ALLOCATED COSTS

Year ended March 31, 2014

(in thousands)

	Expenses - Incurred by Others							(Note 13)
Program	**Expenses [1]**	**Accomodation Costs [2]**	**Administration Costs [3]**	**Air Trans-portation [4]**	**Legal Services [5]**	**Water Management Infrastructure Maintenance**	**Total Expenses**	**Total Expenses**
Fish and Wildlife								
Fisheries Management	$ 10,698	$ 1,685	$ 151	$ 9	$ 113	$ -	$ 12,656	$ 13,400
Wildlife Management	24,069	1,665	339	-	112	-	26,185	30,166
Science and Monitoring							-	
Environmental Science	16,178	1,279	227	-	-	-	17,684	21,924
Environmental Monitoring	24,965	650	351	10	-	-	25,976	13,824
Strategy								
Water and Air Partners	11,400	1,726	160	-	65	-	13,351	12,552
Strategy and Analysis	3,240	41	46	-	2	-	3,329	3,914
Regional Cumulative Effects Management	2,971	344	41	-	13	-	3,369	3,122
Quasi-Judicial Bodies								
Natural Resources Conservation Board	5,930	459	-	-	-	-	6,389	6,537
Surface Rights and Land Compensation Boards	3,835	447	54	-	-	-	4,336	3,826
Environmental Appeals Board	1,038	142	15	-	-	-	1,195	1,328
2013 Alberta Flooding								
Flood Hazard Mapping	592	-	-	-	-	-	592	-
Community Stabilization	174,424	-	-	-	-	-	174,424	-
Reclamation and Emergency Preparedness	1,546	-	-	-	-	-	1,546	904
	$ 936,577	$ 52,686	$ 10,726	$ 83	$ 5,590	$ 4,721	$ 1,010,383	$ 974,400

(1) Expenses - Directly incurred as per Statement of Operations.

(2) Costs for accomodation on Schedule 5 were allocated by full time equivalent.

(3) Costs for administration on Schedule 5 were allocated by percentage of total costs incurred. Amount includes Administration for $10,637, Corporate Internal Audit Services (CIAS) for $17 and Corporate Human Resources Learning for $72.

(4) Costs for air transportation on Schedule 5 were allocated by estimated costs incurred by each program.

(5) Costs for legal services on Schedule 5 were allocated by estimated costs incurred by each program.

Department of Environment and Sustainable Resource Development

Financial Statements

Year Ended March 31, 2014

Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Minister of Environment and Sustainable Resource Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Environment and Sustainable Resource Development, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Environment and Sustainable Resource Development as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 10, 2014

Edmonton, Alberta

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

STATEMENT OF OPERATIONS

Year ended March 31, 2014

	2014		2013
	Constructed Budget (Schedule 4)	Actual	Actual (Note 13)
		(in thousands)	
Revenues (Schedule 1)			
Internal Government Transfers			
Transfer from Environmental Protection and Enhancement Fund	$ 2,174	$ 1,546	$ 904
Transfer to Environmental Protection and Enhancement Fund	-	-	(90,888)
Remission of Surplus from the Environmental Protection and Enhancement Fund	-	-	79,257
Transfer from Land Stewardship Fund	5,000	129	218
Transfers from Government of Canada	66,607	27,982	57,045
Premiums, Fees and Licences	104,724	133,243	131,332
Investment Income	2	45	89
Land Sales	5,000	5,338	23,075
Other Revenue	64,038	42,574	29,242
	247,545	210,857	230,274
Expenses - Directly Incurred (Notes 2(b) and Schedule 9)			
Program (Schedules 3 and 5)			
Ministry Support Services	53,778	65,046	56,394
Forestry			
Wildfire Management	106,390	219,529	349,897
Forest Management	23,133	64,069	60,886
Forest Industry Development	4,218	5,800	4,540
Policy			
Air, Land and Waste Policy	5,710	8,587	7,554
Climate Change	36,243	16,815	30,275
Clean Energy	7,424	2,157	4,289
Policy Innovation	1,597	1,903	1,465
Water Policy	8,776	5,359	5,236
Operations			
Resource Management	18,731	15,554	15,248
Approvals	25,326	16,735	18,525
Compliance and Enforcement	12,395	12,059	12,042
Water Operations	42,096	42,925	41,584
Emergency Response	1,405	1,466	1,791
Lands			
Public Land Management	32,914	28,494	41,796
Rangeland Management	10,261	9,818	10,560
Land Dispositions	13,421	12,069	30,205
Land Use Secretariat	8,082	5,989	6,892
Fish & Wildlife			
Fisheries Management	10,760	10,698	11,173
Wildlife Management	26,916	23,988	27,382
Science and Monitoring			
Environmental Science	18,783	16,178	18,853
Environmental Monitoring	51,272	24,965	14,621
Strategy			
Water and Air Partners	5,346	11,400	10,958
Strategy and Analysis	3,904	3,240	3,299
Regional Cumulative Effects Management	3,058	2,971	2,822

STATEMENT OF OPERATIONS

Year ended March 31, 2014

	2014		2013
	Constructed Budget (Schedule 4)	Actual	Actual (Note 13)
		(in thousands)	
Quasi-Judicial Bodies			
Natural Resources Conservation Board	6,434	6,044	6,105
Surface Rights and Land Compensation Boards	3,014	3,835	3,193
Environmental Appeals Board	1,240	1,038	1,166
2013 Alberta Flooding			
Flood Hazard Mapping	-	592	-
Community Stabilization	-	174,424	-
Reclamation and Emergency Preparedness	2,174	1,546	904
	544,804	815,293	799,655
Net Operating Result	$ (297,259)	$ (604,436)	$ (569,381)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

STATEMENT OF FINANCIAL POSITION

As at March 31, 2014

	2014	2013
	(in thousands)	
Assets		
Cash and Cash Equivalents	$ 7,074	$ 5,777
Accounts Receivable (Note 4)	62,033	119,397
Prepayment of Settlement (Note 5)	9,779	10,732
Inventories	4,798	4,297
Tangible Capital Assets (Note 6)	1,156,178	1,162,710
	$ 1,239,862	$ 1,302,913
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	$ 221,937	$ 155,849
Deferred Revenue (Note 8)	95,471	98,635
	317,408	254,484
Net Assets		
Net Assets at Beginning of Year	1,048,429	964,127
Less: Adjustments to Opening Net Assets	-	(4,730)
Net Operating Results	(604,436)	(569,381)
Net Financing Provided from General Revenues	478,461	658,413
Net Assets at End of Year	922,454	1,048,429
	$ 1,239,862	$ 1,302,913

Contingent Liabilities and Contractual Obligations (Notes 9 and 10)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

STATEMENT OF CASH FLOWS

Year ended March 31, 2014

	2014	2013 (Note 13)
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (604,436)	$ (569,381)
Non-cash Items Included in Net Operating Results		
Amortization	33,596	28,999
Deferred Capital Contribution recognized as Revenue	(1,439)	(348)
Unearned Revenue recognized as Revenue	(68,041)	(47,794)
Consumption of Inventory	736	844
Loss on Disposal of Tangible Capital Assets	2,557	175
	(637,027)	(587,505)
Decrease (Increase) in Accounts Receivable	57,364	(2,123)
Decrease in Prepayments of Settlement	953	1,026
Increase in Inventories	(1,237)	(566)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	66,088	(32,932)
Unearned Revenue received/receivable	66,316	29,458
Cash Applied to Operating Transactions	(447,543)	(592,642)
Capital Transactions		
Acquisition of Tangible Capital Assets [1]	(18,784)	(40,114)
Proceeds on Disposal/Sale of Tangible Capital Assets	-	9
Transfer of Tangible Capital Assets to Other Government Entities [2]	1,047	264
Transfer of Tangible Capital Assets from Other Government Entities [2]	(11,884)	(25,905)
Cash Applied to Capital Transactions	(29,621)	(65,746)
Financing Transactions		
Net Financing Provided from General Revenues	478,461	658,413
Cash Provided by Financing Transactions	478,461	658,413
Increase in Cash and Cash Equivalents	1,297	25
Cash and Cash Equivalents at Beginning of Year	5,777	5,752
Cash and Cash Equivalents at End of Year	$ 7,074	$ 5,777

[1] Includes non-cash tangible capital asset donation in the amount of $57.

[2] Includes non-cash tangible capital asset transfers between two departments.

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 AUTHORITY

The Department of Environment and Sustainable Resource Development (the Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Department also operates under the authority of the following acts:

Organization	Authority
The Department of Environment and Sustainable Resource Development	*Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairie Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The Department of Environment and Sustainable Resource Development's mission is to lead the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans, as proud stewards of air, land, water and biodiversity. The department accomplishes its mission through management, science and stewardship practices, working closely with Albertans and representatives of communities, other governments and industry. The work takes the department into conversation across jurisdictions, including international, national, provincial, regional and local parties.

The department's core business is leading and enabling the achievement of desired environmental outcomes and sustainable development of natural resources to provide economic and environmental benefits and to enrich Albertans' quality of life. The department is part of the resource management system in the province, with a focus on public lands, forests, fish and wildlife, air quality, water, waste, environmental emergencies, land reclamation and climate change. The department is responsible for overseeing the development, implementation, review and amendment of regional plans under the Land-use Framework. The department develops and implements strategies, policies, plans, and legislation to manage the cumulative effects of human activity and achieve Albertans' desired future. In delivering its core business, the Department of Environment and Sustainable Resource Development commits to Albertans that decisions are informed, responsible and accountable and respect the right mix of opportunities and benefits to achieve desired outcomes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Department of Environment and Sustainable Resource Development, which is part of the Ministry of Environment and Sustainable Resource Development and for which the Minister of Environment and Sustainable Resource Development is accountable. Other entities reporting to the Minister are the Environmental Protection and Enhancement Fund, the Natural Resources Conservation Board, the Climate Change and Emissions Management Fund, and the Land Stewardship Fund. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the department's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the department is eligible to receive the funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the department's Credit or Recovery initiatives

Expenses

Directly Incurred

Directly incurred expenses are those costs the department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of the employer contributions for current service of employees during the year,
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities, and
- grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Incurred by Others

Services contributed by other entities in support of the department operations are not recognized and are disclosed in Schedule 8 and allocated to programs in Schedule 9.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included.

Tangible capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net Assets/Net Liabilities represent the difference between the carrying value of assets held by the department and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

Measurement Uncertainty *(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Royalties and Disturbance fees

Royalties and disturbance fees on dispositions, recorded as $1,610 in these financial statements, are subject to measurement uncertainty.

Some revenues are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. The department is in the process of enhancing systems and methods to validate amounts reported and ensure completeness of revenues. Regardless of system enhancements, procedures cannot identify all sources of unreported income from self assessed revenues. The department does not estimate the amount of unreported royalties or disposition fees.

Provision for Doubtful Accounts

The provision for doubtful accounts, expensed as $41 in these financial statements, is based on the assumption that:

- 5% of the accounts receivable between 32 and 90 days
- 50% of the accounts receivable between 91 and 365 days, and
- 100% of the accounts receivable over 365 days

at March 31, 2014 will not be collected.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Future Accounting Changes

PS 3260- Liability for Contaminated Sites

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The department would recognize a liability related to the remediation of such contaminated site subject to certain recognition criteria. Management is currently assessing the impact of these standards on the financial statements.

PS 3450- Financial Instruments

In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

The department has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 GOVERNMENT REORGANIZATION

(in thousands)

As of November 30, 2013, the Department of Environment and Sustainable Resource Development (ESRD) has transferred responsibility of upstream oil, oil sands, natural gas and coal development in Alberta to the Alberta Energy Regulator (AER), proclaimed under the Responsible Energy Development Act (REDA).

Therefore, administration of the regulatory function in response to energy resource activities was transferred to AER from ESRD. This included the following:

Unearned Revenue in the amount of $618 related to reclamation certificates (Note 8), and Trust funds under administration and bank guarantees as indicated below.

NOTE 3 GOVERNMENT REORGANIZATION (cont)

(in thousands)

	Trust Funds Under Administration	Bank Guarantees *
Geophysical General Trust	$ 3,634	$ 4,661
Miscellaneous General Trust (Lands)	2,620	-
Environmental Protection Security Fund	22,767	1,387,849
	$ 29,021	$ 1,392,510

* Includes letters of credit and promissory notes.

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and interest bearing at various rates.

	2014			2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value (Note 13)
Accounts Receivable	$ 63,976	$ (1,943)	$ 62,033	$ 119,397
	$ 63,976	$ (1,943)	$ 62,033	$ 119,397

NOTE 5 PREPAYMENT OF SETTLEMENT

(in thousands)

The amount of $9,779 (2013 - $10,732) includes a prepayment for future access rights under the Bassano Dam settlement agreement with the Siksika Nation. The prepaid access rights will be expensed annually over the next 11 years as follows: $1,537 for the next year and $1,025 annually for the remaining 10 years.

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land[1]	Buildings	Equipment[2]	Computer Hardware and Software	Land Improvements	Highways and Roads	Dam & Water Management Structures[3]	Other[4]	Total
Estimated Useful Life	Indefinite	10-40 years	3-15 years	5-10 years	5-40 years	20-50 years	20-80 years	5-24 years	
Historical Costs[5]									
Beginning of year	$ 130,221	$ 61,093	$ 82,662	$ 54,498	$ 67,353	$ 38,772	$ 1,214,128	$ 72,222	$ 1,720,949
Additions	444	1,157	1,743	2,845	16	7	-	12,572	18,784
Disposals, including write-downs	(42)	(32)	(424)	(2,631)	-	-	-	-	(3,129)
Transfer In	2,174	-	-	-	-	-	9,710	-	11,884
Transfer Out	(100)	(914)	(21)	(12)	-	-	-	-	(1,047)
Asset Reclassification In (Out)	404	(1,471)	(5,974)	835	(6,206)	6,130	(43)	6,325	-
	$ 133,101	$ 59,833	$ 77,986	$ 55,535	$ 61,163	$ 44,909	$ 1,223,795	$ 91,119	$ 1,747,441
Accumulated Amortization									
Beginning of year	$ -	$ 19,818	$ 42,026	$ 37,343	$ 45,096	$ 10,617	$ 383,592	$ 19,747	$ 558,239
Amortization expense	-	1,366	4,876	3,354	1,162	1,999	18,500	2,339	33,596
Effect of disposals	-	(167)	(308)	(97)	-	-	-	-	(572)
	$ -	$ 21,017	$ 46,594	$ 40,600	$ 46,258	$ 12,616	$ 402,092	$ 22,086	$ 591,263
Net Book Value at March 31, 2014	$ 133,101	$ 38,816	$ 31,392	$ 14,935	$ 14,905	$ 32,293	$ 821,703	$ 69,033	$ 1,156,178
Net Book Value at March 31, 2013	$ 130,221	$ 41,275	$ 40,636	$ 17,155	$ 22,257	$ 28,155	$ 830,536	$ 52,475	$ 1,162,710

(1) Land includes land acquired for building sites, infrastructure and other program use.

(2) Equipment includes office, laboratory, heavy and mobile equipment, vehicles and furniture.

(3) Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Department of Transportation and transferred to the Department of Environment and Sustainable Resource Development upon their completion.

(4) Other consists of aircraft and aircraft engines.

(5) Historical costs include work-in-progress at March 31, 2014 totalling $31,735 (2013 - $100,805) comprised of: buildings $3,726 (2013 - $11,654); equipment $6,897 (2013 - $15,997); computer hardware and software $7,100 (2013 - $9,923); land improvements $1,248 (2013 - $16,276); dam improvements $9,710 (2013 - $25,602), other $2,814 (2013- $21,353); and Land $269 (2013-$0). Historical costs also include asset classification changes.

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2014	2013
Payable to Environmental Protection and Enhancement Fund	$ 1,068	$ 77,953
Payable to Land Stewardship Fund	-	435
Accrued Liabilities	182,159	47,278
Accounts Payable General	12,698	3,948
Site Remediation and Reclamation Obligations	1,180	1,251
Vacation Pay	24,832	24,984
	$ 221,937	$ 155,849

NOTE 8 DEFERRED REVENUE

(in thousands)

	2014	2013
Unearned revenue (i)	$ 81,618	$ 83,343
Spent deferred capital contributions (ii)	13,853	15,292
	$ 95,471	$ 98,635

(i) Unearned revenue

	2014			2013
	Federal government	Non-government	Total	Total
Balance, beginning of year	$ 35,651	$ 48,326	$83,977	$112,645
Received/receivable during year	10	66,290	66,300	18,492
Less amounts recognized as revenue	(15,455)	(52,586)	(68,041)	(47,794)
Transfer to Alberta Energy Regulator (AER)	-	(618)	(618)	-
Balance, end of year	$ 20,206	$ 61,412	$81,618	$ 83,343

(ii) Spent deferred capital contributions

	2014			2013
	Federal government	Non-government	Total	Total
Balance, beginning of year	$ 4,382	$ 10,910	$15,292	$ 4,730
Transferred capital assets received/receivable	-	-	-	10,910
Less amounts recognized as revenue	(348)	(1,091)	(1,439)	(348)
Balance, end of year	$ 4,034	$ 9,819	$13,853	$15,292

NOTE 9 CONTINGENT LIABILITIES

(in thousands)

The department is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2014 the estimated liability for these claims is nil (2013: nil). The total amount claimed for all likely claims is $450 (2013: $450). Settlement of these claims will be made through the Alberta Risk Management Fund (ARMF).

The department has been named in 27 (2013: 14) claims of which the outcome is not determinable. Of these claims, 22 (2013: 12) have specified amounts totalling $822,572 (2013: $808,967). The remaining five (2013: two) claims have no amounts specified. Included in the total claims, seven claims totalling $782,788 (2013: seven claims totalling $782,508) are covered in whole or in part by the ARMF. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

The Department is actively involved in various legal claims to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

NOTE 10 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2014	2013
Service contracts	$ 104,514	$ 54,492
Long-term leases	2,657	3,039
Grants		
Canada ecoTrust for Clean Air and Climate Change	18,350	32,350
Various Other Programs	-	150
	$ 125,521	$ 90,031

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts	Long-term Leases	Grants	Total
2014-15	$ 54,588	$ 638	$ 18,350	$ 73,576
2015-16	13,487	505	-	13,992
2016-17	9,023	231	-	9,254
2017-18	5,971	172	-	6,143
2018-19	5,992	172	-	6,164
Thereafter	15,453	939	-	16,392
	$ 104,514	$ 2,657	$ 18,350	$ 125,521

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

As at March 31, 2014 trust funds under administration were as follows:

	2014	2013 (Note 3)
Geophysical General Trust	$ -	$ 3,634
Miscellaneous General Trust (Lands)	28,479	26,158
Performance Deposit Trust	2,191	1,454
Forests Act Securities General Trust	1,902	1,733
Environmental Protection Security Fund	17,045	27,003
	$ 49,617	$ 59,982

In addition to the above trust funds under administration, the department holds bank guarantees in the form of letters of credit and promissory notes as follows:

	2014	2013 (Note 3)
Miscellaneous General Trust (Lands)	$ 24,815	$ 27,289
Performance Deposit Trust	4,110	6,064
Forests Act Securities General Trust	1,158	1,019
Environmental Protection Security Fund	178,197	1,476,035
	$ 208,280	$ 1,510,407

NOTE 12 BENEFIT PLANS

(in thousands)

The department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $25,335 for the year ended March 31, 2014 (2013 – $23,498). Departments are not responsible for future funding of the plan deficit other than through contributions increases.

At December 31, 2013, the Management Employees Pension Plan reported a surplus of $50,457 (2012 – deficiency of $303,423), the Public Service Pension Plan reported a deficiency of $1,254,678 (2012 deficiency - $1,645,141) and the Supplementary Retirement Plan for Public Service Managers had a deficiency of $12,384 (2012 – deficiency $51,870).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2014, the Bargaining Unit Plan reported an actuarial surplus of $75,200 (2013 – surplus $51,717) and the Management, Opted Out and Excluded Plan an actuarial surplus of $24,055 (2013 – surplus of $18,327). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 13 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 1**

SCHEDULE TO FINANCIAL STATEMENTS

REVENUES

Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual (Note 13)
	(in thousands)		
Internal Government Transfers			
Allocation of Revenue to Environmental Protection and Enhancement Fund	$ -	$ -	$ (90,888)
Remission of Surplus from Environmental Protection and Enhancement Fund	-	-	79,257
Reclamation and Emergency Preparedness	2,174	1,546	904
Transfer from Land Stewardship Fund	5,000	129	218
	7,174	1,675	(10,509)
Transfers from Government of Canada			
Softwood Lumber Agreement *	30,661	5,806	20,512
Canada ecoTrust for Clean Air and Climate Change	35,548	15,449	28,626
Air Quality Health Index	-	168	200
Other	398	6,559	7,707
	66,607	27,982	57,045
Investment Income	2	45	89
Premiums, Fees and Licences			
Timber Royalties and Fees	36,700	61,201	46,248
Land and Grazing	54,431	61,137	74,804
Other	13,593	10,905	10,280
	104,724	133,243	131,332
Other Revenue			
Land Sales	5,000	5,338	23,075
Refunds of Expenses	-	2,438	2,898
Water Resources	2,900	3,933	2,037
Joint Oil Sands Monitoring	50,000	22,141	13,224
Various	11,138	14,062	11,083
	69,038	47,912	52,317
Total Revenues	$ 247,545	$ 210,857	$ 230,274

* The Softwood Lumber Agreement, 2006 requires the Minister of Natural Resources of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon *the Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of US$355 the export tax rate is 0 per cent. As the CFLPI falls below US$355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs. (Note: Not in thousands)

The department received $5.8 million for the nine month period ended December 31, 2013 ($20.5 million for the nine month period ended December 31, 2012) and there are no accruals for the three month period ended March 31, 2014 (there were no accruals for the three month period ended March 31, 2013). The amount of the transfer received for the three month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 2**

SCHEDULE TO FINANCIAL STATEMENTS

CREDIT OR RECOVERY

Year ended March 31, 2014

	2014				
	Authorized [2]	Actual Revenue Recognized	Deferred Revenue	Actual Cash/ Donation Received/ Receivable	(Shortfall) /Excess
			(in thousands)		
Federal Government Forestry Programs	$ 50	$ -	$ -	$ -	$ (50)
Bow Habitat Station	90	149	-	149	59
Forestry Youth Programs	685	220	-	220	(465)
Water Management Infrastructure	2,900	3,399	421	3,820	920
Hinton Training Centre	498	175	-	175	(323)
Alberta Tree Improvement Centre	530	127	-	127	(403)
Reclamation/Remediation Certificates	2,600	896	-	896	(1,704)
Air Quality Health Index	150	168	-	168	18
Forest Reforestation	160	65	-	65	(95)
Spatial Data Warehouse	3,450	2,084	372	2,456	(994)
Mountain Pine Beetle Control Funding - Province of Saskatchewan	1,100	1,100	-	1,100	-
Fish and Wildlife	7,275	7,531	148	7,679	404
Joint Oil Sands Monitoring	24,700	22,141	-	22,141	(2,559)
	$ 44,188	$ 38,055	$ 941	$ 38,996	$ (5,192) [1]

[1] Shortfall is deducted from current year's authorized budget, as disclosed in Schedule 5 to the financial statements.

[2] The authorized budget for credits or recoveries includes Adjustments appearing on Schedule 5. Treasury Board approval is pursuant to Section 24 (2) of the *Financial Administration Act*. Only expenditures are authorized.

Federal Government Forestry Programs – Revenue is collected through agreements with the Government of Canada to fund various forestry programs such as the country-wide framework for synthesizing data and reporting on the status of Canadian forests, as well as conducting risk analysis impacts of national significance.

Bow Habitat Station – Revenues are from admissions, concessions, programs, special events, rentals, membership and donations which are used to offset the visitor centre's operating expenses.

Forestry Youth Programs – Forestry Youth Employment Initiatives are delivered by the Department in partnership with industry, communities, and other government departments to promote career opportunities for youth related to forestry and other natural resource fields.

Water Management Infrastructure credit of recovery initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the Government of Alberta.

Hinton Training Centre initiative was established for the purpose of collecting revenue for room and board, for classroom utilization, and the sale of interactive fire compact discs for national and international studies.

Alberta Tree Improvement Centre initiative accounts for the scientific work, resource conservation, and technology transfer related to regional forest improvement in the Peace Region.

Reclamation Certificates credit or recovery initiative refers to the costs of conducting audits at sites that are certified under the upstream oil and gas reclamation program. Revenues are received through a reclamation certificate application fee.

Remediation Certificate credit of recovery initiative refers to the costs of conducting site audits that are certified under Environment and Sustainable Resource Development's new Remediation Certificate Regulation. Revenues are received through a remediation site certificate application fee.

Air Quality Health Index credit or recovery initiative refers to the communication efforts that support the implementation of the national Air Quality Health Index in the province. Revenue is collected through an agreement with Health Canada as part of the federal Air Quality Health Index National Outreach Strategy.

Forest Reforestation – The program is designed to assist forest companies to adopt the new Alternate Regeneration Survey (ARS) standards and survey protocols by facilitating the process of photo acquisition to ensure aerial photo standardization.

Spatial Data Warehouse initiative was established for updating and distributing provincial base maps, including cadastral, disposition, and topographic mapping. Revenue for this initiative is from filing fees for cadastral and disposition mapping collected at the time of registration, revenue sharing with Spatial Data Warehouse Ltd., provincial base map sales, and partnership funding for topographic map updating.

Mountain Pine Beetle – The Government of Saskatchewan has provided funding to assist with mountain pine beetle control for fiscal year 2013-14.

Fish and Wildlife initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationships with other stakeholders.

Joint Oil Sands Monitoring – a Joint implementation Plan developed by the Governments of Alberta and Canada to build and enhance the current monitoring program in the oil sands area. Revenue will be collected from industry, to be disbursed to those parties who are currently delivering monitoring services within the area.

Note: The credits or recoveries presented in this schedule are included in the department's Statement of Operations.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 3**

SCHEDULE TO FINANCIAL STATEMENTS

EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual
		(in thousands)	
Salaries, Wages and Employee Benefits	$ 254,927	$ 256,053	$ 250,668
Supplies and Services	158,395	187,437	161,702
Supplies and Services from Support Service Arrangements with Related Parties [1]	797	744	755
Grants	85,635	330,191	332,524
Financial Transactions and Other	1,498	1,544	1,264
Land Stewardship Fund	5,000	4,991	22,899
Consumption of Inventory	1,310	736	844
Amortization of Tangible Capital Assets	37,242	33,597	28,999
	$ 544,804	$ 815,293	$ 799,655

[1] The department receives financial and administrative services from the Department of Energy.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 4**

SCHEDULE TO FINANCIAL STATEMENTS

BUDGET RECONCILIATION

Year ended March 31, 2014

	2013-14 Estimate [1]	Adjustments to Conform to Accounting Policy [2]	2013-14 Constructed Budget
		(in thousands)	
Revenues			
Internal Government Transfers			
Transfer from Environmental Protection and Enhancement Fund	$ 2,174	$ -	$ 2,174
Transfer from Land Stewardship Fund	5,000	-	5,000
Transfers from Government of Canada	30,711	35,896	66,607
Premiums, Fees and Licences	104,724	-	104,724
Investment Income	2	-	2
Other Revenue	62,947	6,091	69,038
	205,558	41,987	247,545
Expenses - Directly Incurred			
Programs			
Ministry Support Services	53,778	-	53,778
Forestry			
Wildfire Management	106,390	-	106,390
Forest Management	23,133	-	23,133
Forest Industry Development	4,218	-	4,218
Policy			
Air, Land and Waste Policy	5,710	-	5,710
Climate Change	695	35,548	36,243
Clean Energy	7,424	-	7,424
Policy Innovation	1,597	-	1,597
Water Policy	8,776	-	8,776
Operations			
Resource Management	18,731	-	18,731
Approvals	25,326	-	25,326
Compliance and Enforcement	12,395	-	12,395
Water Operations	42,096	-	42,096
Emergency Response	1,408	-	1,408
Lands			
Public Land Management	32,914	-	32,914
Rangeland Management	10,261	-	10,261
Land Disposition	13,421	-	13,421
Land Use Secretariat	8,082	-	8,082
Fish and Wildlife			
Fisheries Management	10,760	-	10,760
Wildlife Management	26,916	-	26,916

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 4**

SCHEDULE TO FINANCIAL STATEMENTS **(cont)**

BUDGET RECONCILIATION

Year ended March 31, 2014

	2013-14 Estimate [1]	Adjustments to Conform to Accounting Policy [2]	2013-14 Constructed Budget
Science and Monitoring			
Environmental Science	18,783	-	18,783
Environmental Monitoring	51,272	-	51,272
Strategy			
Water and Air Partners	5,346	-	5,346
Strategy and Analysis	3,904	-	3,904
Regional Cumulative Effects Management	3,058	-	3,058
Quasi-Judicial Bodies			
Natural Resources Conservation Board	6,434	-	6,434
Surface Rights and Land Compensation Boards	3,014	-	3,014
Environmental Appeal Board	1,240	-	1,240
Reclamation and Emergency Preparedness	2,174	-	2,174
	509,256	35,548	544,804
Net Operating Results	$ (303,698)	$ 6,439	$ (297,259)
Capital Spending	$ 65,916	$ (35,548)	$ 30,368
Financial Transactions	$ 1,410	$ -	$ 1,410

(1) The 2013-14 Government Estimates on the Statement of Operations does not differentiate between amounts not required to be voted and voted expenses. Valuation adjustments are allocated to each program.

(2) Accounting Adjustments are in accordance with PS 1200.125 and include:

a. Adjustment for Revenues:
   i. Deferred Capital Contribution recognized as revenue,
   ii. Capital revenues (i.e. Transfer from government of Canada, premiums, fees, licenses, other, etc.) shown under "Capital Revenue" in the 2013-14 Government Estimates;

b. Adjustments for Expenses:
   i. Operating expense included in Capital Spending (e.g. debt services costs, capital grants).

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 5**

SCHEDULE TO FINANCIAL STATEMENTS

LAPSE/ENCUMBRANCE

Year ended March 31, 2014

	Voted Estimate [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Program Operating						
Ministry Support Services						
1.1 Minister's Office	$ 937	$ -	$ -	$ 937	$ 745	$ 192
1.2 Deputy Minister's Office	808	-	-	808	825	(17)
1.3 Communications	3,107	-	-	3,107	2,244	863
1.4 Human Resources	4,290	-	-	4,290	4,228	62
1.5 Legal Services	464	-	-	464	381	83
1.6 Corporate Services	42,928	-	(1,300)	41,628	56,389	(14,761)
	52,534	-	(1,300)	51,234	64,812	(13,578)
Forestry						
2.1 Wildfire Management	93,750	123,000	-	216,750	207,963	8,787
2.2 Forest Management	23,133	40,000	1,100	64,233	63,971	262
2.3 Forest Industry Development	4,218	-	-	4,218	5,802	(1,584)
	121,101	163,000	1,100	285,201	277,736	7,465
Policy						
3.1 Air, Land and Waste Policy	5,710	-	150	5,860	8,261	(2,401)
3.2 Climate Change	695	-	-	695	2,812	(2,117)
3.3 Clean Energy	7,424	-	-	7,424	2,173	5,251
3.4 Policy Innovation	1,597	-	-	1,597	1,901	(304)
3.5 Water Policy	8,776	-	-	8,776	5,367	3,409
	24,202	-	150	24,352	20,514	3,838
Operations						
4.1 Resource Management	18,731	-	-	18,731	15,339	3,392
4.2 Approvals	25,326	-	-	25,326	16,726	8,600
4.3 Compliance and Enforcement	12,395	-	-	12,395	12,102	293
4.4 Water Operations	18,647	-	-	18,647	20,805	(2,158)
4.5 Emergency Response	1,408	-	-	1,408	1,463	(55)
	76,507	-	-	76,507	66,435	10,072
Lands						
5.1 Public Land Management	30,273	-	(1,300)	28,973	26,030	2,943
5.2 Rangeland Management	10,261	-	-	10,261	9,811	450
5.3 Land Dispositions	8,421	-	-	8,421	6,950	1,471
5.4 Land Use Secretariat	8,082	-	-	8,082	5,989	2,093
	57,037	-	(1,300)	55,737	48,780	6,957
Fish and Wildlife						
6.1 Fisheries Management	10,760	-	-	10,760	10,719	41
6.2 Wildlife Management	26,134	-	-	26,134	23,752	2,382
	36,894	-	-	36,894	34,471	2,423
Science and Monitoring						
7.1 Environmental Science	18,783	-	-	18,783	15,279	3,504
7.2 Environmental Monitoring	51,272	(25,300)	-	25,972	24,965	1,007
	70,055	(25,300)	-	44,755	40,244	4,511
Strategy						
8.1 Water and Air Partners	5,346	-	-	5,346	11,227	(5,881)
8.2 Strategy and Analysis	3,904	-	-	3,904	3,248	656
8.3 Regional Cumulative Effects Management	3,058	-	-	3,058	2,964	94
	12,308	-	-	12,308	17,439	(5,131)
Quasi-Judicial Bodies						
9.1 Natural Resources Conservation Board	6,434	-	-	6,434	6,044	390
9.2 Surface Rights and Land Compensation Boards	3,006	-	-	3,006	3,827	(821)
9.3 Environmental Appeal Board	1,240	-	-	1,240	1,038	202
	10,680	-	-	10,680	10,909	(229)

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 5**

SCHEDULE TO FINANCIAL STATEMENTS **(cont)**

LAPSE/ENCUMBRANCE

Year ended March 31, 2014

	Voted Estimate [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
2013 Alberta Flooding						
10.1 Flood Hazard Mapping	$ -	$ 1,895	$ -	$ 1,895	$ 592	$ 1,303
Credit or Recovery Shortfall (Schedule 2)	-	-	(5,192)	(5,192)	-	(5,192)
	-	1,895	(5,192)	(3,297)	592	(3,889)
Total	$ 461,318	$ 139,595	$(6,542)	$594,371	$581,932	$ 12,439
Lapse/(Encumbrance)						$ 12,439
Program - Capital						
Ministry Support Services						
1.6 Corporate	$ -	$ -	$ -	$ -	$ 2,643	$ (2,643)
Forestry						
2.1 Wildfire Management	24,568	-	3,597	28,165	14,447	13,718
Policy						
3.1 Air, Land and Waste Policy	-	-	-	-	317	(317)
3.2 Climate Change	35,548	(12,299)		23,249	14,000	9,249
Operations						
4.1 Resource Management	-	-	-	-	156	(156)
4.4 Water Operations	-	-	-	-	77	(77)
4.5 Emergency Response	-	-	-	-	119	(119)
Lands						
5.1 Public Land Management	-	-	2,600	2,600	19	2,581
5.2 Rangeland Management	-	-	-	-	164	(164)
5.3 Land Dispositions	5,000	-	-	5,000	269	4,731
5.4 Land Use Secretariat	-	-	-	-	7	(7)
Fish and Wildlife						
6.1 Fisheries Management	-	-	-	-	33	(33)
6.2 Wildlife Management	-	-	-	-	22	(22)
Science and Monitoring						
7.1 Environmental Science	800	-	-	800	1,714	(914)
7.2 Environmental Monitoring	-	-	-	-	43	(43)
Strategy						
8.1 Water and Air Partners	-	-	-	-	145	(145)
2013 Alberta Flooding						
10.2 Community Stabilization	-	176,000	-	176,000	174,424	1,576
Total	$ 65,916	$ 163,701	$ 6,197	$ 235,814	$ 208,599	$ 27,215
Lapse/(Encumbrance)						$ 27,215
Financial Transactions						
Acquisitions of Inventory						
Forestry						
2.1 Wildfire Management	$ 1,310	$ -	$ -	$ 1,310	$ 1,236	$ 74
Environmental Site Liability Retirement						
Operations						
4.2 Approvals	100	-	-	100	53	47
Total	$ 1,410	$ -	$ -	$ 1,410	$ 1,289	$ 121
Lapse/(Encumbrance)						$ 121

(1) As per "Operational Vote by Program", "Voted Capital Vote by Program" and "Financial Transaction Vote by Program" page 92, 93 and 94 of 2013-14 Government Estimates.

(2) Per the Supplementary Supply Estimates approved on December 11, 2013 and March 13, 2014.

(3) Adjustments include encumbrances, capital carry forward amounts and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Votes Estimate in the current year.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 6**

SCHEDULE TO FINANCIAL STATEMENTS

LOTTERY FUND ESTIMATES

Year ended March 31, 2014

	2013-14 Lottery Fund Estimates	2013-14 Actual	Unexpended (Over Expended)
		(in thousands)	
Resource Management	$ 500	$ 500	$ -

The revenue of the Lottery Fund was transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2012-13. Having been transferred to the General Revenue Fund, these monies then become part of the department's supply vote. This table shows details of the initiatives within the department that are funded by the Lottery Fund and compares it to the actual results.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 7**

SCHEDULE TO FINANCIAL STATEMENTS

SALARY AND BENEFITS DISCLOSURE

Year ended March 31, 2014

	2014				2013
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total
Deputy Minister [4][5]	$ 274,105	$ -	$ 84,753	$ 358,858	$ 356,348
Assistant Deputy Ministers					
Transformation and Integration [6]	-	-	-	-	243,124
Strategy Division	178,009	25,813	51,805	255,627	236,011
Policy Division	175,383	35,124	52,555	263,062	224,972
Corporate Division	179,846	1,850	52,129	233,825	222,110
Integrated Resource Management Planning [7]	184,762	1,850	53,395	240,007	238,194
Forestry Division	180,430	1,850	52,937	235,217	225,653
Operations Division	192,152	1,850	57,823	251,825	232,664
Policy Management Office [8]	89,780	-	25,539	115,319	-

(1) Base Salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2014.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, and tuition fees and health spending benefit.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) The position was occupied by two individuals at different times during the year.

(6) The Transformation and Integration, and Strategy divisions were merged into one division effective January 21, 2013. The incumbent is now the Assistant Deputy Minister of Strategy.

(7) The Assistant Deputy Minister of Integrated Resource Management Planning Division also served as the Stewardship Commissioner.

(8) The incumbent's services are shared with the Department of Energy which contributes its own share of the cost of salary and benefits.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 8**

SCHEDULE TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

Year ended March 31, 2014

(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The department had the following transactions with related parties recorded on the Statement of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2014	2013	2014	2013
Revenues				
Grants	$ -	$ 79,257	$ -	$ -
Internal Government Transfers	1,675	1,122	-	-
Fees and Charges	-	-	362	46
	$ 1,675	$ 80,379	$ 362	$ 46
Expenses - Directly Incurred				
Grants	$ 121,465	$ 291,326	$ 996	$ 1,111
Other Services	-	-	10,609	8,428
Land Stewardship Fund	4,991	22,899	-	-
	$ 126,456	$ 314,225	$ 11,605	$ 9,539
Receivable from	$ 937	$ 79,257	$ 237	$ -
Payable To	$ 1,068	$ 78,388	$ 346	$ 833
Contractual Obligations	$ -	$ -	$ 50	$ 83

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 9.

	Entities in the Ministry		Other Entities	
	2014	2013	2014	2013
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 52,227	$ 54,238
Administration Costs	-	-	10,726	9,914
Air Transportation	-	-	83	447
Legal	-	-	5,590	4,899
Water Management Infrastructure Maintenance	-	-	4,721	4,947
	$ -	$ -	$ 73,347	$ 74,445

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 9**

SCHEDULE TO FINANCIAL STATEMENTS

ALLOCATED COSTS

Year ended March 31, 2014

(in thousands)

	Expenses - Incurred by Others							(Note 13)
Program	Expenses [1]	Accomodation Costs [2]	Administration Costs [3]	Air Transportation [4]	Legal Services [5]	Water Management Infrastructure Maintenance	Total Expenses	Total Expenses
Ministry Support Services	$ 65,046	$ 7,696	$ 915	$ -	$ 996	$ -	$ 74,653	$ 68,280
Forestry								
Wildfire Management	219,529	12,285	4,869	48	254	-	236,985	364,999
Forest Management	64,069	3,351	908	-	69	-	68,397	65,980
Forest Industry Development	5,800	325	82	-	7	-	6,214	4,963
Policy								
Air, Land and Waste Policy	8,587	548	121	7	45	-	9,308	8,569
Climate Change	16,815	426	237	-	35	-	17,513	30,864
Clean Energy	2,157	264	30	-	21	-	2,472	5,017
Policy Innovation	1,903	731	27	-	59	-	2,720	1,729
Water Policy	5,359	528	75	-	43	-	6,005	5,864
Operations								
Resource Management	15,554	3,696	219	4	681	-	20,154	17,830
Approvals	16,735	1,442	236	-	266	-	18,679	22,403
Compliance and Enforcement	12,059	1,564	170	-	288	-	14,081	14,722
Water Operations	42,925	2,396	604	-	441	4,721	51,087	49,487
Emergency Response	1,466	162	21	-	30	-	1,679	2,031
Lands								
Public Land Management	28,494	4,650	401	-	1,060	-	34,605	48,045
Rangeland Management	9,818	2,051	138	-	468	-	12,475	12,727
Land Dispositions	12,069	1,767	205	-	403	-	14,444	32,335
Land Use Secretariat	5,989	366	84	5	119	-	6,563	7,270

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 9**

SCHEDULE TO FINANCIAL STATEMENTS **(cont)**

ALLOCATED COSTS

Year ended March 31, 2014

(in thousands)

	2014							2013
	Expenses - Incurred by Others							(Note 13)
Program	Expenses [1]	Accomodation Costs [2]	Administration Costs [3]	Air Transportation [4]	Legal Services [5]	Water Management Infrastructure Maintenance	Total Expenses	Total Expenses
Fish and Wildlife								
Fisheries Management	$ 10,698	$ 1,685	$ 151	$ 9	$ 113	$ -	$ 12,656	$ 13,400
Wildlife Management	23,988	1,665	339	-	112	-	26,104	30,086
Science and Monitoring								
Environmental Science	16,178	1,279	227	-	-	-	17,684	21,924
Environmental Monitoring	24,965	650	351	10	-	-	25,976	13,824
Strategy								
Water and Air Partners	11,400	1,726	160	-	65	-	13,351	12,552
Strategy and Analysis	3,240	41	46	-	2	-	3,329	3,914
Regional Cumulative Effects Management	2,971	344	41	-	13	-	3,369	3,122
Quasi-Judicial Bodies								
Natural Resources Conservation Board	6,044	-	-	-	-	-	6,044	6,105
Surface Rights and Land Compensation Boards	3,835	447	54	-	-	-	4,336	3,826
Environmental Appeals Board	1,038	142	15	-	-	-	1,195	1,328
2013 Alberta Flooding								
Flood Hazard Mapping	592	-	-	-	-	-	592	-
Community Stabilization	174,424	-	-	-	-	-	174,424	-
Reclamation and Emergency Preparedness	1,546	-	-	-	-	-	1,546	904
	$ 815,293	$ 52,227	$ 10,726	$ 83	$ 5,590	$ 4,721	$ 888,640	$ 874,100

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs for accomodation on Schedule 8 were allocated by full time equivalent.

(3) Costs for administration on Schedule 8 were allocated by percentage of total costs incurred. Amount includes Administration for $10,637, Corporate Internal Audit Services (CIAS) for $17 and Corporate Human Resources Learning for $72.

(4) Costs for air transportation on Schedule 8 were allocated by estimated costs incurred by each program.

(5) Costs for legal services on Schedule 8 were allocated by estimated costs incurred by each program.

Climate Change and Emissions Management Fund

Financial Statements

Year Ended March 31, 2014

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Minister of Environment and Sustainable Resource Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Climate Change and Emissions Management Fund, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Climate Change and Emissions Management Fund as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 10, 2014

Edmonton, Alberta

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND

STATEMENT OF OPERATIONS

Year ended March 31, 2014

	2014		2013
	Budget	Actual	Actual (Note 6)
	(in thousands)		
Revenues (Note 2(b))			
Facility Purchases of Fund Units by Sector			
Mining, Oil and Gas Extraction	$ 30,000	$ 56,767	$ 46,586
Utilities	24,000	26,377	37,319
Manufacturing	3,600	9,072	5,256
Transportation and Warehousing	2,400	14,003	4,573
Investment Income	-	552	302
	60,000	106,771	94,036
Expenses - Directly Incurred (Note 2(b))			
Climate Change and Emissions Management	60,000	106,771	94,036
	60,000	106,771	94,036
Net Operating Results	$ -	$ -	$ -

The accompanying notes and schedules are part of these financial statements.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND

STATEMENT OF FINANCIAL POSITION

As at March 31, 2014

	2014	2013
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 3)	$ 119,029	$ 46,200
Accounts Receivable (Note 4)	31,799	64,519
	$ 150,828	$ 110,719
Liabilities		
Accounts Payable and Accrued Liabilities	$ 150,828	$ 110,719
	$ 150,828	$ 110,719
Net Assets		
Net Assets at Beginning of Year	-	-
Net Operating Results	-	-
Net Assets at End of Year	-	-
	$ 150,828	$ 110,719

Contractual Obligations (Note 5)

The accompanying notes and schedules are part of these financial statements.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND

STATEMENT OF CASH FLOWS

Year ended March 31, 2014

	2014	2013
	(in thousands)	
Operating Transactions		
Net Operating Results	$ -	$ -
Decrease (Increase) in Accounts Receivable	32,720	(49,046)
Increase in Accounts Payable and Accrued Liabilities	40,109	41,332
Cash Provided by (Applied to) Operating Transactions	72,829	(7,714)
Increase (Decrease) in Cash and Cash Equivalents	72,829	(7,714)
Cash and Cash Equivalents at Beginning of Year	46,200	53,914
Cash and Cash Equivalents at End of Year	$ 119,029	$ 46,200

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY

The Climate Change and Emissions Management Fund (CCEMF) operates under the authority of the *Climate Change and Emissions Management Act*, Chapter C-16.7.

The CCEMF may be used only for purposes related to reducing emissions of specified gases or improving Alberta's ability to adapt to climate change.

The CCEMF operates as follows:

- Revenues in the CCEMF are primarily from purchases of fund units ($15 per tonne) used in meeting net emissions intensity limits. Facilities can also make improvements to their operations, purchase Alberta-based offsets or use emission performance credits. Emissions intensity is the ratio of greenhouse gas emissions to facilities' production for the period.

- Emissions measurement involves the use of different methodologies including estimation techniques and use of emission factors. Such techniques can involve using equipment with varying degrees of precision. Use of different techniques and emission factors will produce different results.

- Management has provided guidance to facilities and verifiers for the calculation and verification of emissions intensity. Every facility submitting a compliance report is required to have a third party verify the report at a reasonable assurance level from January 1, 2012.

The systems and processes including the offsets purchased by facilities are new and complex. Management believes that as the system evolves and more guidance is developed, the calculation of emissions intensity will be refined through improved methodologies and data quality.

Management's guidance to the tillage offset verifiers allows the verifiers to rely on the offset project developers' written attestations and records as evidence that the offsets are valid. Management has revised its guidance to require verifiers to collect sufficient evidence to support claims for tillage offsets, beginning with the 2012 compliance period.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the CCEMF for which the Minister of Environment and Sustainable Resource Development is accountable. Other entities reporting to the minister are the Department of Environment and Sustainable Resource Development, the Land Stewardship Fund and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on the accrual basis of accounting.

Facility Purchases of Fund Units

These revenues are measured from amounts assessed by management and from estimates of amounts not yet assessed based on cash received from facilities that relates to compliance period ended December 31, 2013. Revenues also include adjustments between the revenue estimates for previous years and actual amounts. Revenues also include adjustments between the revenue estimates for previous years and actual amounts.

Management has adopted a regulatory threshold on emissions and production reported by facilities when calculating emissions intensity. This threshold requires facilities to correct and re-verify submissions where errors exceed the threshold. Management can require errors below the threshold to be corrected. Uncorrected errors below the threshold have not been quantified.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported.

The Revenues from Facility Purchases of Fund Units and accounts receivable in these financial statements are subject to measurement uncertainty because methodologies including estimation techniques and emission factors are used in emissions measurement.

Revenues not yet assessed by management and the related accounts receivable are recorded based on cash received from facilities.

Revenues and accounts receivable also include an estimate of $25,546 for the period January 1 to March 31, 2014 (2013 - $21,512). Management estimated this amount as 25 per cent of revenues for the 2013 compliance period plus adjustments. Actual results could vary by a material amount.

Completeness of Revenues from Facility Purchases of Fund Units

Facilities submitting compliance reports are expected to understand and comply with the relevant legislation. This has an impact on the completeness of revenue when facilities do not fully meet the legislative requirements and, for example, report inaccurate or incomplete emissions or production data. Management has implemented systems and processes to detect and correct situations where facilities have not complied with the legislation. These systems and controls, based on areas of highest risk, include performing verifications of facility and offset project records.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Expenses

Expenses are those costs the CCEMF has primary responsibility and accountability for, as reflected in the Government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amount can be made.

Expenses include $568 for re-verification costs (2013 - $863) and grant payments for Climate Change and Emission Management $106,203 (2013 - $93,173). Other administrative costs are paid for by the Department of Environment and Sustainable Resource Development.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Financial assets of the CCEMF are comprised of cash and accounts receivable.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net Assets/Net Liabilities represents the difference between the carrying value of assets held by the CCEMF and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The CCEMF operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, and Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

(c) Future Accounting Changes

PS 3450- Financial Instruments
In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

The Fund has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2014, securities held by the Fund have a time-weighted return of 1.2% per annum (2013: 1.3% per annum).

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and non-interest bearing.

	2014	2013
Facility Purchases of Fund Units by Sector		
Mining, Oil and Gas Extraction	$ 19,361	$ 38,933
Utilities	7,182	22,928
Manufacturing	2,118	1,519
Transportation and Warehousing	3,138	1,139
	$ 31,799	$ 64,519

NOTE 5 CONTRACTUAL OBLIGATIONS

The CCEMF has a contractual grant obligation to the Climate Change and Emissions Management Corporation until September 1, 2014. The annual grant amount is subject to ministerial approval. The revenues from Facility Purchases of Fund Units for the calendar year compliance period are adjusted for accumulated interest, changes to amounts assessed and the cost of verifications initiated by management.

NOTE 6 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the senior financial officer and the deputy minister.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND **Schedule 1**

SCHEDULE TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

Year ended March 31, 2014

(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Climate Change and Emission Management Fund.

The fund paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry	
	2014	2013
Payable To	$ 568	$ -

Environmental Protection and Enhancement Fund

Financial Statements

Year Ended March 31, 2014

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Minister of Environment and Sustainable Resource Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Environmental Protection and Enhancement Fund, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Environmental Protection and Enhancement Fund as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 10, 2014

Edmonton, Alberta

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

STATEMENT OF OPERATIONS

Year ended March 31, 2014

	2014		2013
	Budget	Actual	Actual
	(in thousands)		
Revenues (Note 2(b))			
Transfer from the Department of Environment and Sustainable Resource Development (Note 7)	$ -	$ 115,421	$ 376,109
Premiums, Fees and Licences	13,168	12,241	-
Investment Income	1,506	983	855
Other Revenue	80	280	341
	$ 14,754	$ 128,925	$ 377,305
Expenses - Directly Incurred (Note 2(b) and Schedule 1)			
Environment Statutory Programs	2,174	1,546	904
Natural Resources Emergency Program			
Forest Fires	12,000	127,074	258,654
Forest Health Program	500	442	38,410
Intercept Feeding and Fencing	80	81	80
	14,754	129,143	298,048
Net Operating Results	$ -	$ (218)	$ 79,257

The accompanying notes and schedules are part of these financial statements.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

STATEMENT OF FINANCIAL POSITION

As at March 31, 2014

	2014	2013 (Note 7)
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 4)	$ 152,112	$ 180,440
Accounts Receivable	1,069	77,956
	$ 153,181	$ 258,396
Liabilities		
Accounts Payable and Accrued Liabilities	$ 3,376	$ 107,763
Deferred Revenue (Note 3)	23	633
	$ 3,399	$ 108,396
Net Assets		
Net Assets at Beginning of Year	150,000	150,000
Net Operating Results	(218)	79,257
Transfer to Department	-	(79,257)
Net Assets at End of Year (Note 6)	149,782	150,000
	$ 153,181	$ 258,396

Contractual Obligations (Note 5)

The accompanying notes and schedules are part of these financial statements.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

STATEMENT OF CASH FLOWS

Year ended March 31, 2014

	2014	2013 (Note 7)
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (218)	$ 79,257
Decrease in Accounts Receivable	76,887	16,103
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(104,387)	612
Unearned Revenue received/receivable	(610)	(57)
Cash (Applied to) Provided by Operating Transactions	(28,328)	95,915
Financing Transaction		
Transfer to the Department of Environment and Sustainable Resource Development	-	(79,257)
Cash Provided by (Applied to) Financing Transactions	-	(79,257)
(Decrease) Increase in Cash and Cash Equivalents	(28,328)	16,658
Cash and Cash Equivalents at Beginning of Year	180,440	163,782
Cash and Cash Equivalents at End of Year	$ 152,112	$ 180,440

The accompanying notes and schedules are part of these financial statements.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 AUTHORITY

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the *Environmental Protection and Enhancement Act* (EPEA), Chapter E-12, Revised Statutes of Alberta 2000.

The components of the Fund are:

Environment Statutory Programs

Natural Resources Emergency Program

- Forest Fires
- Forest Health
- Intercept Feeding and Fencing

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Environment and Sustainable Resource Development (the Ministry) and for which the Minister of Environment and Sustainable Resource Development is accountable. Other entities reporting to the minister are the Department of Environment and Sustainable Resource Development, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the government's budget documents.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net Assets/Net Liabilities represent the difference between the carrying value of assets held by the Fund and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Fund operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

(c) Future Accounting Changes

PS 3450- Financial Instruments
In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

The Fund has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 GOVERNMENT REORGANIZATION
(in thousands)

As of November 30, 2013, the Fund has transferred responsibility of upstream oil, oil sands, natural gas and coal development in Alberta to the Alberta Energy Regulator (AER), proclaimed under the Responsible Energy Development Act (REDA).

Therefore, administration of the regulatory function in response to energy resource activities was transferred to AER from the Fund. This included unearned revenue in the amount of $579.

NOTE 4 CASH AND CASH EQUIVALENTS

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2014, securities held by the Fund have a time-weighted return of 1.2% per annum (2013: 1.3% per annum).

NOTE 5 CONTRACTUAL OBLIGATIONS
(in thousands)

Contractual obligations are obligations of the Fund to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2014	2013
Service Contracts	$ 32,888	$ 35,091
	$ 32,888	$ 35,091

NOTE 5 CONTRACTUAL OBLIGATIONS (cont'd)

(in thousands)

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts	Total
2014-15	$ 11,742	$ 11,742
2015-16	10,247	10,247
2016-17	7,869	7,869
2017-18	1,499	1,499
2018-19	1,531	1,531
Thereafter	-	-
	$ 32,888	$ 31,357

NOTE 6 NET ASSETS

(in thousands)

The Net Assets for the Fund are capped at $150,000 in accordance with a Treasury Board decision.

NOTE 7 TRANSFER FROM THE DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

(in thousands)

The following revenue was received or is receivable from the Department of Environment and Sustainable Resource Development:

	2014	2013
Revenue in Excess of Department's Base Revenue	$ -	$ 90,888
Forest Health	-	$ 37,922
Forest Fires	115,421	247,299
	$ 115,421	$ 376,109

Beginning fiscal year 2013-14, the process to transfer revenue from the Department to the Fund changed resulting in a more effective management of cash and revenue.

NOTE 8 BUDGET FIGURES

The revenue and expenses budget amounts disclosed in these financial statements agree with the 2013-14 Government Estimates.

NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND **Schedule 1**

SCHEDULE TO FINANCIAL STATEMENTS

EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2014

	2014		2013
	Budget	Actual	Actual
	(in thousands)		
Salaries, Wages and Employee Benefits	$ 4,249	$ 21,664	$ 29,595
Supplies and Services	8,331	98,950	241,181
Grants	2,174	8,529	26,896
Financial Transactions and Other	-	-	376
Total Expenses	$ 14,754	$ 129,143	$ 298,048

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND **Schedule 2**

SCHEDULE TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

Year ended March 31, 2014

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Fund.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2014	2013 (Note 7)	2014	2013
Revenues				
Transfer from the Department	$ -	$ 90,888	$ -	$ -
Grants from the Department	115,421	285,221	-	-
	$ 115,421	$ 376,109	$ -	$ -
Expenses - Directly Incurred				
Other services	$ 1,546	$ 904	$ 588	$ 413
Interest	-	-	-	376
	$ 1,546	$ 904	$ 588	$ 789
Receivable from	$ 1,068	$ 77,953	$ -	$ -
Payable to	$ 369	$ 79,257	$ 218	$ 1,796

Land Stewardship Fund

Financial Statements

Year Ended March 31, 2014

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Minister of Environment and Sustainable Resource Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Land Stewardship Fund, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Land Stewardship Fund as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 10, 2014

Edmonton, Alberta

LAND STEWARDSHIP FUND

STATEMENT OF OPERATIONS

Year Ended March 31, 2014

	2014		2013
	Budget	**Actual**	**Actual**
	(in thousands)		
Revenues			
Internal Government Transfers - Proceeds from Surplus Land Sales (Note 2 and 5)	$ 5,000	$ 4,991	$ 22,899
Investment Income	-	863	859
Other Revenue	-	28	815
	5,000	5,882	24,573
Expenses - Directly Incurred (Note 2(b) and Schedule 1)			
Land Purchases for Conservation Program	5,000	7,572	17,026
	5,000	7,572	17,026
Net Operating Results	$ -	$ (1,690)	$ 7,547

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND

STATEMENT OF FINANCIAL POSITION

As at March 31, 2014

	2014	2013
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 3)	$ 68,471	$ 86,101
Accounts Receivable	-	435
	$ 68,471	$ 86,536
Liabilities		
Accounts Payable and Accrued Liabilities	374	16,749
	$ 374	$ 16,749
Net Assets		
Net Assets at Beginning of Year	69,787	62,240
Net Operating Results	(1,690)	7,547
Net Assets at End of Year (Note 4)	68,097	69,787
	$ 68,471	$ 86,536

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND

STATEMENT OF CASH FLOWS

Year ended March 31, 2014

	2014	2013
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (1,690)	$ 7,547
Decrease in Accounts Receivable	435	35,447
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(16,375)	11,926
Cash (Applied to) Provided by Operating Transactions	(17,630)	54,920
(Decrease) Increase in Cash and Cash Equivalents	(17,630)	54,920
Cash and Cash Equivalents at Beginning of Year	86,101	31,181
Cash and Cash Equivalents at End of Year	$ 68,471	$ 86,101

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 AUTHORITY AND PURPOSE

The Land Stewardship Fund (the Fund) operates under the authority of the *Public Lands Act*, section 11.2(1) and was established effective April 1, 2010. The Land Stewardship Fund has been set up to receive the proceeds from the sale of public land in Alberta. The funds can be used to purchase land for conservation and stewardship needs such as land for sensitive habitat, critical watersheds and conservation easements that better meet the ministry's mandate. Further, under the authority of the Alberta Regulation 31/2011 Public Lands Act Land Stewardship Fund, the Fund may be used to provide grants made by the Minister under the Environment Grant Regulation (AR 182/2000) to persons for the purchase of an estate or interest in land for conservation purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Environment and Sustainable Resource Development (the Ministry) for which the Minister of Environment and Sustainable Resource Development is accountable. Other entities reporting to the minister are the Department of Environment and Sustainable Resource Development (the Department), the Environmental Protection and Enhancement Fund, the Climate Change and Emissions Management Fund, and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Internal Government Transfers

Internal Government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the government's budget documents.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net Assets/Net Liabilities represent the difference between the carrying value of assets held by the Fund and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Fund operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of Cash and Cash Equivalents, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Future Accounting Changes

PS 3450- Financial Instruments
In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

The Fund has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2014, securities held by the Fund have a time-weighted return of 1.2% per annum (2013: 1.3% per annum).

NOTE 4 NET ASSETS
(in thousands)

The Net Assets for the Fund are capped at $150,000 in accordance with the Land Stewardship Fund Regulation.

NOTE 5 TRANSFER FROM THE DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

Revenue received by the Department in payment for the sale of land inventory was transferred to the Land Stewardship Fund according to the Land Stewardship Fund Regulation.

NOTE 6 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

LAND STEWARDSHIP FUND **Schedule 1**

SCHEDULE TO FINANCIAL STATEMENTS

EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2014

	2014		2013
	Budget	Actual	Actual
		(in thousands)	
Supplies and Services	$ -	$ 277	$ 296
Grants	5,000	7,295	16,730
Total Expenses	$ 5,000	$ 7,572	$ 17,026

LAND STEWARDSHIP FUND **Schedule 2**

SCHEDULE TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

Year ended March 31, 2014

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Fund.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2014	2013	2014	2013
Revenues				
Internal Government Transfers - Proceeds from Surplus Land Sales (Note 2 & 5)	$ 4,991	$ 22,899	$ -	$ -
	$ 4,991	$ 22,899	$ -	$ -
Expenses - Directly Incurred				
Other services	$ 129	$ 218	$ -	$ -
Receivable from	$ -	$ 435	$ -	$ -
Payable to	$ -	$ -	$ -	$ 16,010

Natural Resources Conservation Board

Financial Statements

Year Ended March 31, 2014

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Members of the Natural Resources Conservation Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Natural Resources Conservation Board, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Natural Resources Conservation Board as at March 31, 2014, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2014

Edmonton, Alberta

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF OPERATIONS
Year ended March 31

	2014		2013
	Budget	**Actual**	**Actual**
Revenues			
Government Transfer			
Transfer from the Department of Environment and Sustainable Resource Development	$6,434,000	$6,044,000	$6,105,000
Interest	36,000	51,873	51,408
Other Revenue	1,000	1,728	2,425
	6,471,000	6,097,601	6,158,833
Expenses – Directly Incurred (Note 2b and Schedules 1 and 2)			
Board Reviews and Hearings	1,345,162	1,221,088	1,212,382
Regulating Confined Feeding Operations	5,132,838	4,708,736	4,870,919
	6,478,000	5,929,824	6,083,301
Annual Operating Surplus (Deficit)	($7,000)	$167,777	$75,532

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31

	2014	2013
Assets		
Cash and Cash Equivalents (Note 3)	$3,476,596	$3,224,759
Accounts Receivable and Prepaid Expenses	18,456	33,247
Tangible Capital Assets (Note 4)	45,792	85,010
	$3,540,844	$3,343,016
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	$409,636	$379,585
Net Assets		
Accumulated Surplus, Beginning of Year	2,963,431	2,887,899
Annual Operating Surplus	167,777	75,532
Accumulated Surplus, End of Year	3,131,208	2,963,431
	$3,540,844	$3,343,016

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF CASH FLOWS
Year ended March 31

	2014	2013
Operating Transactions		
Annual Operating Surplus	$167,777	$75,532
Non-cash Item:		
Amortization of Tangible Capital Assets	39,218	34,058
	206,995	109,590
(Increase) Decrease in Accounts Receivable and Prepaid Expenses	14,791	(4,829)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	30,051	(8,588)
Cash Provided by Operating Transactions	251,837	96,173
Capital Transactions		
Acquisition of Tangible Capital Assets	-	(31,644)
Cash Applied to Capital Transactions	-	(31,644)
Increase in Cash and Cash Equivalents	251,837	64,529
Cash and Cash Equivalents at Beginning of Year	3,224,759	3,160,230
Cash and Cash Equivalents at End of Year	$3,476,596	$3,224,759

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 AUTHORITY AND PURPOSE

The Natural Resources Conservation Board (NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). NRCB's mandate is to provide for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act*, Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

a) Revenue Recognition

All revenues are reported on the accrual basis of accounting.

Government Transfer

Transfers from the Government of Alberta are referred to as government transfers and are recorded as revenue when received.

Investment Income

Investment income includes interest income and is recorded when earned.

b) Expenses

Expenses are reported on an accrual basis.

Directly Incurred

Directly Incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the budget.

Incurred by Others

Services contributed by other entities in support of NRCB's operations are not recognized and are disclosed in Note 8 and in Schedule 2.

c) Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the NRCB are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Tangible capital assets are recorded at historical cost. The threshold for capitalizing new tangible capital assets is $5,000. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer Hardware	Straight line – 3 years
Computer Software	Straight line – 2 to 3 years
Office Equipment	Declining balance – 20% per year
Office Furniture	Declining balance – 20% per year

d) Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

e) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The NRCB's financial assets and liabilities are generally measured as follows:

Financial Statement Components	Measurement
Cash and Cash Equivalents	Cost
Accounts Receivable and Prepaid Expenses	Amortized Cost
Accounts Payable and Accrued Liabilities	Amortized Cost

The NRCB does not hold equities traded in an active market, nor engages in derivative contracts or foreign currency transactions. The NRCB is not exposed to remeasurement gains and losses and, consequently, a statement of remeasurement gains and losses is not presented.

f) Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies.

g) Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

h) Net Assets/Net Liabilities

Net assets/net liabilities represent the difference between the assets held by the NRCB and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The NRCB operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

i) Pension Expense

The NRCB does not have sufficient plan information on the Government of Alberta multi-employer defined benefit pension plans to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the Government of Alberta multi-employer defined benefit pension plans is limited to the employer's annual contributions to the plans for the year.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consist primarily of deposits in the Consolidated Cash Investment Trust Fund (the CCITF). The CCITF is managed with the objectives of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The CCITF is a pool comprised of short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2014, securities held by the CCITF have a time weighted rate of return of 1.2% per annum (2013 - 1.3% per annum).

NOTE 4 TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at historical cost less accumulated amortization.

	2014			2013
	Historical Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Hardware	$188,237	$162,734	$25,503	$57,601
Computer Software	13,742	13,742	-	1,828
Office Equipment	45,406	39,700	5,706	7,261
Office Furniture	202,142	187,559	14,583	18,320
	$449,527	$403,735	$45,792	$85,010

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Accounts Payable	$50,663	$69,718
Accrued Liabilities - Employee Benefits	358,973	309,867
	$409,636	$379,585

NOTE 6 BENEFIT PLANS

The NRCB participates in the Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers which are government multi-employer pension plans. The expense for these pension plans is equivalent to the annual contribution of $96,955 for the year ended March 31, 2014 (2013 - $95,321). The NRCB is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2013, the Management Employees Pension Plan reported a surplus of $50,457,000 (2012 - deficiency $303,423,000), and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $12,384,000 (2012 - deficiency $51,870,000).

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is $254,570 for the year ended March 31, 2014 (2013 - $261,705). Pension expense comprises the cost of employer contributions during the year.

NOTE 7 SALARIES AND BENEFITS

	2014				2013
	Base Salary[a]	Other Cash Benefits[b]	Other Non-cash Benefits[c]	Total	Total
Chair[d] [e]	$166,320	$15,322	$30,556	$212,198	$209,546
Board Member 1[e]	130,254	1,735	39,998	171,987	168,880
Board Member 2[f]	97,693	6,725	35,008	139,426	135,669
Board Member 3[f]	97,693	2,046	23,417	123,156	128,815
CEO	192,591	5,830	56,844	255,265	256,185

(a) Base salary includes pensionable base pay.

(b) Other cash benefits include health benefits pay in lieu, lump sum payments and vacation payouts. There were no bonuses paid in 2014.

(c) Other non-cash benefits include the NRCB's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, pension and supplementary retirement plans, RRSP, Non-Registered Savings Plan, health benefits, professional memberships, and WCB premiums. The NRCB is a participant in the Alberta Energy Regulator (AER) flexible health benefit plan.

(d) Automobile allowance for eleven months included in other cash benefits. Automobile provided for one month, no dollar amount included in other non-cash benefits.

(e) The position is 80% permanent part-time.

(f) The position is 60% permanent part-time.

NOTE 8 RELATED PARTY TRANSACTIONS

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel of the NRCB.

The NRCB and its employees paid certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this note.

The NRCB received $6,044,000 (2013 - $6,105,000) in net transfers from the Department of Environment and Sustainable Resource Development and $51,873 (2013 - $51,408) in revenue from other Government of Alberta departments. During the year, the NRCB paid $59,799 (2013 - $88,780) to various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes $6,082 (2013 - $656) as payable to various government entities.

NOTE 8 RELATED PARTY TRANSACTIONS (Cont'd)

In addition, certain expenses for office space incurred on behalf of the NRCB by the Department of Infrastructure are not reflected in the Statement of Operations. These expenses amount to $458,602 (2013 - $453,755) and are reflected in Schedule 2.

The NRCB has a Memorandum of Understanding (MOU) with the AER and an MOU with the Alberta Utilities Commission (AUC) to share resources on an on-going basis. Under the MOUs, the NRCB is both a service provider and a service recipient. As a service provider, the NRCB contributed $23,877 (2013 - $0) in services to the AUC.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 9 BUDGET

The budget was included in the 2013-14 Government Estimates. The budget was approved by the Board on April 30, 2013.

NOTE 10 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

NOTE 11 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board.

NATURAL RESOURCES CONSERVATION BOARD **Schedule 1**
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2014

	2014		2013
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$5,358,800	$5,012,488	$5,107,200
Supplies and Services	1,089,200	878,118	942,043
Amortization of Tangible Capital Assets	30,000	39,218	34,058
	$6,478,000	$5,929,824	$6,083,301

NATURAL RESOURCES CONSERVATION BOARD **Schedule 2**
ALLOCATED COSTS
Year ended March 31, 2014

	2014			2013
AOPA and NRCBA Mandates	**Expenses**	**Expenses incurred by others Office Costs [1]**	**Total Expenses**	**Total Expenses**
Board Reviews and Hearings[2]	$1,221,088	$94,437	$1,315,525	$1,302,814
Regulating Confined Feeding Operations[3]	4,708,736	364,165	5,072,901	5,234,242
	$5,929,824	$458,602	$6,388,426	$6,537,056

(1) See Note 8, Related Party Transactions.

(2) Board reviews and hearings comprise expenses related to AOPA appeals and NRCBA reviews.

(3) Regulating confined feeding operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates. NRCBA applications include the following projects: Parsons Creek Aggregates Limestone Quarry, and past and potential projects.

Other Information

Ministry of Environment and Sustainable Resource Development
Unaudited Statement of Remissions, Compromises and Writeoffs
Year Ended March 31, 2014

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Remissions under Section 21 of the *Financial Administration Act*		$ -
Compromises under Section 22 of the *Financial Administration Act*		-
Write-offs		
Departmental Accounts Receivable	2,690	
Department Accounts Payable Credits	-	
Total Write-offs		2,690
Total Remissions, Compromises and Write-offs		$ 2,690

Statutory Report

Public Interest Disclosure Act

Section 32 of the *Public Interest Disclosure Act* requires the ministry to report annually on the following parts of the Act:

(a) The number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
(b) The number of investigations commenced by the designated officer as a result of disclosures;
(c) In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2013-14 for the ministry, there were no disclosures of wrongdoing filed with the Public Interest Disclosure Office.